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AGRICULTURAL RELIEF MEASURES RELATING TO THE RAISING OF FARM PRICES -
 72ND CONGRESS, DECEMBER 7, 1931 TO MARCH 3, 1933.

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Bills and a few pertinent resolutions and documents have been classified under the major plans which were considered in this Congress. Titles of bills have not been repeated although it is recognized that some bills might be classified under more than one plan. Extracts from the hearings on these bills have been included.

For a brief historical account of agricultural relief measures see Agricultural Reform in the United States by J. D. Black, published by McGraw-Hill Book Company, Inc., N.Y., 1929.

For a concise description of domestic allotment plans see the Foreword of Agricultural Economics Bibliography No. 41 entitled The Domestic Allotment Plans for the Relief of Agriculture; Selected References, issued by the Bureau of Agricultural Economics in 1933.

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DOMESTIC ALLOTMENT

Domestic Allotment - Adjustment

Bills, Document

Bankhead

S.1698. Providing for regulation of the transportation of cotton in interstate and foreign commerce, and for other purposes.

Introduced Dec. 14, 1931. Referred to Committee on Interstate Commerce.

Hearings held by Senate Committee. 281 Un31Fa

Provides for taking a vote by Secretary of Agriculture of land owners to determine whether such owners favor regulation of transportation of cotton in interstate and foreign commerce and amount of cotton which should be transported during the calendar year following the vote. The Secretary is authorized to appoint a local board of 3 members for each county or political subdivision for purpose of issuing licenses, etc. State allotments shall be determined by ratio of average number of pounds produced in such State during 5 calendar years preceding vote.

Walsh of Mont.

S.4859. To amend the agricultural marketing act so as to secure to farmers a price for their commodities equal, as nearly as possible, to the cost of production, and to enable the producers of agricultural commodities produced in excess of domestic requirements to benefit from tariff protection on that part of their production consumed within the United States.

Introduced June 8, 1932. Referred to Committee on Agriculture and Forestry.

Voluntary Domestic Allotment Act Similar to H.R.2644.

General procedure for making tariff effective is outlined as follows: The Federal Farm Board shall "administer the provisions of sections 17 to 21, inclusive, of this Act, which provide, under the conditions specified -

"(a) That steps shall be taken to make the tariff effective as to each commodity which is selling below the cost of production by reason of domestic production exceeding domestic consumption;

"(b) That when the board finds that such conditions exist as to any commodity, it shall impose an adjustment charge on each unit of the commodity processed, manufactured, or distributed, except for feeding to livestock;

"(c) That from the funds thus obtained the board shall pay to each producer of such commodity a tariff benefit on his allotment of the domestic consumption of that commodity; such payment to be conditional on the producer signing a contract for the control or reduction of acreage; and

"(d) That such allotments among producers shall be in proportion to each producer's previous acreage, and shall be made with the cooperation of State, county, and local committees."

Norbeck

S.4940. To provide temporary aid to agriculture for the relief of the existing economic emergency.

Introduced June 29, 1932. Referred to Committee on Agriculture and Forestry.

Reported with amendments July 1, 1932. S.Rept.973 submitted.

Passed Senate July 13, 1932.

Senate agreed to request House to return bill, July 14, 1932.

Returned to Senate July 15, 1932.

H.R.12730 and S.4940 are the same as introduced. Title of bill is "Emergency Agricultural Act."

S.Rept.973 on the bill explains the bill as follows: "This bill is a temporary relief measure for a 1-year period, pending such time as Congress can develop, enact, and place in full operation, a permanent plan for agricultural relief..."

"The bill provides for immediate direct payments to the farmer on that portion of his production of wheat and cotton and hogs for the present year that will be used for domestic consumption. These adjustment payments will be at the following rates: 5 cents a pound for cotton, 42 cents a bushel for wheat, and 2 cents a pound for hogs..."

"The bill being a temporary 1-year measure and acreage for the present year having been planted, the bill cannot result in stimulation of production. Neither does the bill fix prices nor alter existing marketing machinery. It will, however, give the farmer an additional return for the period of a year upon the three basic commodities whose prices have controlling effect on all agricultural commodities. In thus improving the condition of agriculture, it is believed that the measure will have a marked effect in relieving the present national economic emergency in industry, transportation, employment, and finance, as well as agriculture." etc.

Norbeck

S.4984. To amend the agricultural marketing act so as to make the tariff effective on farm commodities domestically consumed, and to provide a means of preventing undesirable surpluses and balancing production and consumption.

Introduced July 16, 1932. Referred to Committee on Banking and Currency.

Voluntary Tariff Benefit Allotment Act.

Bill reads: "The voluntary allotment procedure, hereinafter described, may be put into effect on an agricultural commodity whenever the Federal Farm Board finds -

"(a) That the returns to producers from that commodity are in an unduly low proportion to the costs of goods and services that farmers buy;

"(b) That the situation of the commodity is such that the voluntary-allotment procedure will increase the net returns to producers from the production of such commodity;

"(c) That 60 per centum of the producers of that product have indicated, by a ballot or otherwise, their willingness to cooperate in applying the allotment procedure."

"The voluntary-allotment procedure for a commodity shall include the following:

"(a) Each producer of that commodity who cooperates by signing the contract hereinafter described shall receive at the end of the marketing year a tariff-benefit payment on each unit of his share of the domestic consumption of that product. The benefit payment shall be equal to the tariff duty (or 5 cents in the case of cotton), less the necessary costs of operation.

"(b) The contract between each producer and the local administrative agency shall specify the number of units of product on which benefit payments are to be made to the producer; and the acreage for the next harvest which the producer agrees not to exceed." Reduction shall not exceed 10 per centum in any year.

"(c) Each producer signing a contract shall be allotted a share of the domestic consumption, based on the estimated total domestic consumption of that product within the crop year, and on the ratio of the product of his present farm during the past five years to the total national output of the same product during that period.

"(d) A tariff-adjustment charge shall be collected from the processors or distributors of the product on each unit processed or distributed for domestic consumption in the principal forms of its use excluding the feeding of livestock. The charge shall be the amount of the tariff duty on said product, or 5 cents on cotton." etc.

Norbeck

S.4985. To amend the agricultural marketing act so as to make the tariff effective on that part of the production of the specified farm commodities which is consumed within the United States, and to provide a means of balancing production and consumption.

Introduced July 16, 1932. Referred to Committee on Agriculture and Forestry.

Voluntary Domestic Allotment Act.

Bill declares that the "production of many important farm products is in excess of domestic consumption, and the entire output is determined by the price at which the exportable surplus can be sold on world markets." etc. Provides that steps shall be taken by the Federal Farm Board to make tariff effective upon agricultural commodities "selling below pre-war purchasing power by reason of domestic production exceeding domestic consumption, or otherwise unduly depressing the price, and only when 60 per centum of the producers of the Community have, by vote, indicated their willingness to cooperate in carrying out the necessary provisions of this act;

"(b) That when the board finds that such conditions exist as to any commodity it shall impose a tariff-adjustment charge on such unit of the commodity domestically processed, manufactured, or distributed for domestic use;

"(c) That from the funds thus obtained the board shall pay to each producer of such commodity a tariff benefit on his allotment of the domestic consumption of that commodity, such payment to be conditioned on the producer signing a contract for the readjustment of his acreage or production;

"(d) That such allotments among producers shall be in proportion to

each producer's previous acreage and production, and shall be made with the cooperation of State, county, and local communities in determining the allotments."

Tariff-adjustment charge shall not exceed the tariff duty then in effect upon importation of such commodity, or 5 cents per pound upon cotton, and shall be paid by the manufacturer, processor, or distributor to the Bureau of Internal Revenue, etc. Upon exportation of any product upon which an adjustment charge has been paid exporter is entitled to a refund of amount of charges at time of exportation. Details are outlined for payment of tariff benefits to producers, allocation of domestic allotment among producers, and vote of producers of the community.

Bankhead

S.5033. Providing for regulation of the transportation of cotton and wheat in interstate and foreign commerce, and for other purposes.

Introduced December 6, 1932. Referred to Committee on Agriculture and Forestry.

Creates a Board of Cotton and Wheat Supply Control, the board for each commodity to meet in December of each year, to fix the amount of wheat and cotton which may be legally transported in interstate and foreign commerce during the succeeding calendar year. The President is authorized by proclamation to make public the findings of the board, and to specify (1) the total amount of cotton or bushels of wheat which may be legally transported, and (2) the part of such total amount to be so transported from each State during such year. The Secretary of Agriculture is authorized to appoint an agent for each county, or other political subdivision in each State for purpose of issuing licenses to owners of land. Amount specified in license "shall be determined by the ratio of the average amount of cotton or wheat produced on such lands of the applicant during the five-year period (or part thereof during which cotton or wheat was so produced) to the average amount produced during such five-year period in the county in which such lands are located." etc.

Bankhead

H.R.5825. Providing for regulation of the transportation of cotton in interstate and foreign commerce.

Introduced December 15, 1931. Referred to Committee on Agriculture.
Same as S.1698.

Fulmer

H.R.12461. To amend the agricultural marketing act so as to secure to farmers a price for their commodities equal, as nearly as possible, to the cost of production, and to enable the producers of agricultural commodities produced in excess of domestic requirements to benefit from tariff protection on that part of their production consumed within the United States.

Introduced June 4, 1932. Referred to Committee on Agriculture.
Voluntary Domestic Allotment Act.
Same as S.4859.

Fulmer

H.R.12644. To amend the agricultural marketing act so as to enable the producers of agricultural commodities produced in excess of domestic requirements to benefit from tariff protection on that part of their production consumed within the United States, and for other purposes.

Introduced June 15, 1932. Referred to Committee on Agriculture.

Provides that the Federal Farm Board shall declare an adjustment charge upon the domestic processing or distribution of commodities with respect to which act is put into operation equal to tariff duty in effect at time such charge is payable, upon importation of such commodity, except for livestock.

Exporter is entitled to refund of amount of adjustment charge paid. Authorizes Board to enter into cooperative agreements with duly authorized representatives of States where any commodity upon which an adjustment charge is in effect is produced, for information of State, county, and local allotment committees, which shall have powers and duties as provided, etc. After allotments are made the Board is authorized to enter into agreements with producers. The producer is to comply with provisions relating to payment of adjustment charges and in consideration of agreements on part of producer the U.S. is to pay tariff benefits, etc.

Rainey.

H.R.12649. To provide temporary aid to agriculture for the relief of existing national economic emergency.

Introduced June 15, 1932. Referred to Committee on Agriculture.

Emergency Agricultural Act.

Essentially the same as S.4940.

Kleberg

H.R.12730. To provide temporary aid to agriculture for the relief of the existing national economic emergency.

Introduced June 20, 1932. Referred to Committee on Agriculture.

Reported with amendments July 1, 1932. H.Rept.1747 submitted.

S.4940 and H.R.12730 as introduced are the same.

Emergency Agricultural Act.

H.Rept.1747 on the bill states: "This bill is a temporary relief measure, for a 1-year period, pending such time as Congress can develop and place in full operation a permanent plan for agricultural relief. Its basic purpose is to increase the return which farmers will receive for their products during the next year.

"The Secretary of Agriculture will be under the duty of determining the percentage of the present year's production of the commodities, covered by the bill, which will be used for domestic consumption. Using wheat as an example, if the Secretary determines that 75 per cent of the wheat will be so used, the farmer under the terms of the bill will receive a certificate covering 3 out of every 4 bushels of each lot of wheat marketed by him. This certificate is to be redeemable at any fiscal agency designated by the Secretary of the Treasury, for 42 cents for each bushel covered by the certificate, less administrative costs. Similar certificates will be issued in respect of the other commodities covered by the bill...

"The moneys for the redemption of the certificates are to be obtained from a tax, called an adjustment charge, levied upon the processing of the commodities covered by the bill. The bill as introduced provides for a charge of 42 cents a bushel for wheat, 5 cents a pound for cotton, and 2 cents a pound for hogs. Other commodities are added, and the rates of the adjustment charges are provided for, in the amendments recommended by the committee.

"An amount not to exceed 2 1/2 per cent of the adjustment charges is authorized to be used for administrative purposes....

"The effect of the committee amendments is to extend the bill to tobacco, rice, corn, and dairy products, to other livestock in addition to hogs, and to any other agricultural commodity with respect to which it is practicable, in the opinion of the Secretary of Agriculture, to administer its provisions. As a result of this broadening of the scope of the bill it is likely that if enacted into law it will become operative as to some agricultural commodities which are not processed, and it is, therefore, necessary to provide that in any such case the adjustment charge shall be paid otherwise than in respect of processing. This is taken care of in an amendment which provides that in such cases the charge shall be paid in respect to the first domestic sale."

McClintic of Okla.

H.R.12841. To provide temporary aid to agriculture for the relief of the existing national economic emergency.

Introduced June 28, 1932. Referred to the Committee on agriculture.
Same as S.4940.

Hope

H.R.12918. To amend the agricultural marketing act so as to make the tariff effective on that part of the production of specified farm commodities which is consumed within the United States, and to provide a means of balancing production and consumption.

Introduced July 7, 1932. Referred to Committee on Agriculture.
Same as S.4985.

Hope

H.R.12919. To amend the agricultural marketing act so as to make the tariff effective on farm commodities domestically consumed, and to provide a means of preventing undesirable surpluses and balancing production and consumption.

Introduced July 7, 1932. Referred to Committee on Agriculture.
Same as S.4984.

Garber

H.R.12987. To restore the purchasing power of farm products, reestablish a market for the products of labor in industry, and furnish jobs to the unemployed.

Introduced July 15, 1932. Referred to Committee on Agriculture.
Cited as "Emergency Agricultural and Labor Act."

"That the provisions of this Act are made applicable solely with respect to cotton, wheat, and hogs by reason of the controlling effect

of those commodities upon prices of all agricultural commodities and necessary to restore the purchasing power of farm products and to re-establish a market for the products of labor in industry."

Provides that the Secretary of Agriculture shall estimate the domestic production of these commodities sold or to be sold during 1932 and issue to the producers of these commodities adjustment certificates, the face amount of each certificate to equal the adjustment charge upon a like unit of the commodity, less a pro rata share of administrative expenses. Specified adjustment charges shall be levied upon the first domestic processing of the commodities covered, etc. A refund of adjustment charge is to be made to exporter at time of exportation of any product.

Williamson

H.R.13375. To provide temporary aid to agriculture for the relief of the existing national economic emergency.

Introduced December 7, 1932. Referred to Committee on Agriculture.

Emergency Agricultural Act.

Essentially the same as S.4940.

Bankhead

H.R.13602. Providing for regulation of the transportation of cotton and wheat in interstate and foreign commerce, and for other purposes.

Introduced December 13, 1932. Referred to Committee on Agriculture.

Same as S.5033.

Jones

H.R.13991. To aid agriculture and relieve the existing national economic emergency.

Introduced Jan. 3, 1933. Referred to Committee on Agriculture.

Reported without amendment Jan. 3, 1933. H.Rept.1816 submitted.

Hearings held before House Committee (281.12 Un32A) and before Senate Committee (281.12 Un3A)

Considered and passed by House, Jan. 5,6,10,11,12, 1933.

Reported with amendments Feb. 20, 1933. S.Rept.1251 submitted.

Substitute for bill prepared by Mr. H.R. Ronald, printed in Record Mar. 3, 1933.

We have committee prints of this bill for Dec. 13 and 17, 1932, and Jan. 5, 1933, and amendment of Mr. Bankhead in the nature of a substitute, Feb. 25, 1933, and amendment of Mr. Bankhead providing for Board of Cotton Supply Control, Feb. 10, 1933.

This bill has not been analyzed. It is entitled "National Emergency Act."

Parsons

H.R.14664. To provide further for the national security and defense, insure domestic tranquility, and promote the general welfare by limiting the production, conserving the supply, and controlling and facilitating

the distribution of agricultural products, and for other purposes.

Introduced Feb. 14, 1933. Referred to Committee on Agriculture.

"Agricultural Commodities Emergency Act of 1933."

Provides for creation of a Federal Agricultural Emergency Board in the Department of Agriculture for a period of two years, and authorizes the President upon recommendation of the board "(1) To fix and publish from time to time the price at which such basic agricultural product may be sold by producers, in such manner and by such gradual steps as will restore the prices of such product to the 1926 price level; (2) To regulate the reduction of acreage or other facilities devoted to the production of such basic agricultural commodity, and the apportionment of production of such commodity among the producers and producing facilities... (3) To fix and publish from time to time the quotas of such basic agricultural commodity that may be marketed during periods to be specified by the President and to regulate the apportionment of such quotas among the producers; (4) To issue licenses to engage in the business of buying, storing, transporting, distributing, and selling of such basic agricultural commodity" etc. Basic commodities are defined as corn, oats, wheat, rice, peanuts, tobacco, sugar, cotton, wool, cattle, hogs, sheep, fish, poultry, and dairy products, and such other products as the President may deem necessary.

Abolishes the Federal Farm Board. Levies upon basic agricultural commodities an additional duty equal to the difference remaining after deducting from the domestic price of such commodity or such article the sum of the world market price thereof plus the duty under the Tariff Act of 1930.

S.Doc.184. Economic situation of hog producers.

Letter from the Secretary of Agriculture, transmitting, in response to S.Res.No.281, a report pertaining to the hog situation and the probable effects of the proposed export detenture, equalization fee, and domestic allotment plans for farm relief, on the economic position of hog producers. Feb. 9, 1933.

For descriptive note see Bercaw, L. O., comp. Domestic allotment plans for the relief of agriculture. Selected references. Washington, D.C., February, 1933. 48pp. (U.S. Dept. of agriculture, Bureau of agricultural economics. Library, Agricultural Economics Bibliography No. 41) Mimeographed.

Hearings

U.S. Congress. House. Committee on Agriculture. Agricultural adjustment program. Hearing... Seventy-second Congress, second session, December 14,15,16,17,19, and 20, 1932. Serial M. 406pp. Washington, D.C., 1932. 281.12 Un32A 1932.

For descriptive note see pp.28-30 of the following:

Bercaw, L. O., comp. The domestic allotment plans for the relief of agriculture. Selected references. Washington, D.C., February, 1933. 48pp. Mimeographed. (U.S. Dept. of agriculture. Bureau of agricultural economics. Library. Agricultural economics bibliography No.41)

U.S. Congress. House. Committee on agriculture. Farm marketing program (Voluntary domestic allotment plan) Hearing.... Seventy-second Congress, First session. May 11 and 25, 1932. Serial E-Part 4) Washington, U.S. Govt.print.off., 1932. 54pp. 280.3 Un33F

Statement of M. L. Wilson, head of the Department of Agricultural Economics, Montana State College of Agriculture and Agricultural Experiment Station, Bozeman, Mont. pp.1-22.

He said, "Since 1924 we have had, I think, about all the possible kinds of suggestions for farm relief that could be made. In the plan that I am going to outline there is nothing particularly new. It is a recombination of a lot of different ideas that have been talked about here, there, and the other place.

"These farm-relief plans fall into three or four different groups. One group attempts elevating the price so as to get the tariff benefit; another group of plans proposes price-fixing; still another group proposing withholding from the market; and still another group adjusting or in some wise stabilizing production.

"It is our judgment that any plan must include an increased income to the farmer, plus this adjustment idea, but if I were to make a guess or forecast on the central idea of farm relief to be discussed from now on, it will be centered largely on this matter of somehow better adjusting production to consumption...

"In developing this plan, the economists who have been working on it have tried to make it meet these requirements.

"The first fundamental principles were first suggested by the late Dr. W. J. Spillman, who was connected with the Bureau of Agricultural Economics; later it was developed by Doctor Black, of the agricultural economics department at Harvard University, and by a number of agricultural economists here and there throughout the country.

"For two years I was in charge of the division of farm management and costs in the Bureau of Agricultural Economics; that was when Doctor Spillman was living. I worked with him and I have been interested in it ever since.

"For two years the Montana State Farm Bureau have passed resolutions recommending this plan, and they have asked the agricultural economics department of the college to work with them in trying to work out its economic features.

"Now, as to this plan. It is relatively simple; all it amounts to is, first, increasing the income of farmers by making the tariff effective on that portion of the product which is domestically consumed, and this is done in a way which will not disrupt or increase production.

"Under this plan the tariff benefit, which I will call the tariff adjustment charge, is collected as a tax at the point of processing or at some point where it can be most easily collected by the administrative agency and is paid on the domestically consumed proportion of crops. It might be made applicable to export commodities such as wheat, cotton, tobacco, hogs, and rice...

"There is the necessary ascertainment of the relative proportion or relative ratio of each man's crop which is domestically consumed and the understanding with each producer, to give him the benefit of the tariff benefit if he will sign a quid pro quo contract not to increase his production, or he may be asked to decrease it, not more

than 10 per cent in any one year.

"It would be a voluntary kind of contract. We should not say to any farmer, 'you have to do this.' Instead we could say, if you want to benefit from [t]his price elevation you must sign this contract. But, if you want to raise just as much as you please, regardless of production adjustment, go ahead and do it, but of course you do not get any of this tariff benefit or increase in income... the great asset about this proposal, and I am inclined to think its greatest strength, is the contract feature of production adjustment.

"From an economist's point of view I would not be interested in just elevating the price, if we could not do something about production adjustment and control.

"All farm-relief plans over the world that have been based wholly on increasing or elevating prices have failed. The one thing we have learned from all of them in the last five years is that they have not gone down to the grass roots in production, and for that reason they have not worked...

"It must be voluntary, because with this whole set-up we are trying to keep away from any compulsory idea."

He explained the plan of setting up State and county allotment commissions, etc.

Statement of W. R. Ronald, Editor Mitchell (S.Dak.) Evening Republican, Mitchell, S.Dak. pp.22-27.

Mr. Ronald said, "I am here because I am on a committee of six that was chosen at a conference at Chicago to promote this plan. On that committee are Chairman M. L. Wilson, of the Montana State College; Mr. Rogers, who is here; Louis Clarke, president of the Mortgage Investors Association of Nebraska; Mr. Wallace, of Wallace's Farmer; Mr. Wilson, and myself."

"I want to say that this bill accomplishes all that this other 3-way bill that is now in Congress accomplishes and a good deal more; the equalization fee, and more, because it is the full amount of the tariff on the entire amount of the domestic consumption instead [of] a part of the tariff.

"The export debenture, because this is really a subsidy, which the export debenture is, but instead of being levied on the exports, it is paid on the entire domestic consumption. So it is more than that.

"It is better than the allotment plan before you in the 3-way bill because it is elaborated and developed so as to control production and prevent an increase in production from defeating the ends of the measure.

"And it accomplishes stabilization, because with the ability to control production, with the automatic feature of controlling hog production, you would obtain a balance between production and consumption far better than you can by attempting to manipulate the market with no limit on production. We stay off the market entirely, because our objects are entirely accomplished by production."

Statement of Dameron H. Williams, a member of the American Cotton Shippers' Association, Gastonia, N.C. pp.27-41. Mr. Williams included a statement by himself, dated May 25, 1932, in opposition to

H.R.11866, "which would at the discretion of the Federal Farm Board put into effect the so-called debenture, equalization, and allotment plans", and a letter addressed to Mr. Jones, Chairman, House Committee on Agriculture, March 8, 1932, by J.W. Garrow, Chairman, Economics Committee, American Cotton Shippers Association, relative to the export debenture and equalization fee plans.

U.S. Congress. Senate. Committee on Agriculture and Forestry. Agricultural adjustment relief plan. Hearings... Seventy-second Congress, second session on H.R.13991... January 25, 26, 27, 28, 30, 31, February 1, 2, 3, 4, and 6, 1933. 472pp. Washington, D.C., 1933. 281.12 Un3A

For descriptive note see pp.31-34 of the following: Bercaw, L.O., comp. The domestic allotment plans for the relief of agriculture. Selected references. Washington, D.C., February, 1933. 48pp. Mimeographed. (U.S. Dept. of agriculture. Bureau of agricultural economics. Library. Agricultural economics bibliography No.41)

U.S. Congress. Senate. Committee on agriculture and forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123... S.1698... April 26, 27, 28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa 1932.

Statement of M. L. Wilson, Professor of Agricultural Economics of the College of Agriculture of Montana. April 27, 1932: pp.55-62.

MR. WILSON. "The Montana Farm Bureau for some time has been interested in the domestic allotment plan, and for the past two years has passed emphatic resolutions in favor of that plan, and has asked me, as economist at the agricultural college, to work on the allotment plan. I have had a personal interest in the matter because for two years I was in charge of the division of farm management and cost of production of the United States Department of Agriculture, and associated with me was Dr. W. J. Spillman. Doctor Spillman, in 1906, became deeply interested in this problem, and invented and created the first ideas, I believe, relative to the allotment plan.

"Doctor Spillman worked this out in a tentative kind of a way, what he called making the tariff effective on that portion of the crop domestically consumed.

"Doctor Black, of the agricultural economics department of Harvard University, later did a good deal of work on the plan, and in the last two or three years various agricultural economists have been deeply interested in the proposal, among them being Doctor Rummell of the University of Chicago and Doctor Denton of the North Dakota College, and myself.

"Briefly, what we have tried to do is to take from many of the excellent proposals made in the last eight years points that we thought were excellent points, and tried to bring them together and tried to weave them into something that we, as economists, considered sound.

"In order to do that we said we must have something that would perceptibly increase the purchasing power of agriculture, of the farmers. And, as I shall explain, if we put this plan into operation, it will increase the purchasing power of agriculture by about \$700,000,000...

"Now, the original allotment plan worked out by Professor Black, of the Harvard University, and others was intended to tie in acres in production into the acres of land. For reasons that I do not care to go into, it has seemed that that is not constitutional, so we have reached the conclusion that the best plan to work that out would be for an excise tax at the point where they are processed..."

"We have worked out a bill, Senator, which is practically complete. There are a few minor items that might be changed slightly, but it is practically ready for introduction."

Domestic Allotment - Cost of Production

Bills

Thomas of Okla.

S.3133. To abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes.

Introduced Jan. 19, 1932. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 281 Un31Fa and 280.3 Un37To

Commodities specified are wheat, cotton, wool, beef, pork, dairy and poultry products and any other major agricultural product designated by the Secretary of Agriculture.

Makes it unlawful for any person to sell or purchase, below the cost of production price, any of the amount of production specified by the Secretary of Agriculture as "salable part", or that part needed for domestic consumption, or to sell the surplus unless the world price is equal to or greater than the cost of production, and authorizes the Secretary of Agriculture to prohibit importation of agricultural products when importation affects sale of salable part.

Secretary is permitted to license the purchase, importation, or storage of any of agricultural products specified.

Abolishes the Federal Farm Board.

Thomas of Okla.

S.4427. To secure to the farmer a price for agricultural products for domestic consumption at least equal to the cost of production thereof, and for other purposes.

Introduced Apr. 19, 1932. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 281 Un31Fa

Same as S.3133 except that it places authority in the Federal Farm Board instead of in the Secretary of Agriculture.

Swank

H.R.7797. To abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof.

Introduced Jan. 15, 1932. Referred to Committee on Agriculture. Hearings held by House Committee. 280.3 Un33Sw

Same as S.3133.

Disney

H.R.9752. To abolish the Federal Farm Board, to secure to the farmer a price for agricultural products at least equal to the cost of production thereof, and for other purposes.
Introduced Feb. 25, 1932. Referred to Committee on Agriculture.
Same as S.3133.

McClintic of Okla.

H.R.11457. Providing cost of production for agricultural products, and other purposes.
Introduced Apr. 19, 1932. Referred to Committee on Agriculture.
Same as S.3133 except that it carries no provision for abolishing the Federal Farm Board, and makes no specification of commodities. Prohibits sales of any product designated by the Secretary, on any board of trade or similar agency unless there is an actual transfer of the commodity.

Jones

H.R.12599. To relieve an emergency in respect of certain agricultural commodities, to secure to the farmer a fair price for such commodities, and for other purposes.

Introduced June 11, 1932. Referred to Committee on Agriculture.
Authorizes and directs the Secretary of Agriculture to determine the percentages of wheat and cotton produced in the U.S. which will be needed for ultimate domestic consumption, and to determine minimum prices at which this domestic percentage shall be sold to be equal, as nearly as may be, to the world price plus import duty, but in no event to be less than average cost of production. Amount of cotton or wheat to be sold by any farmer at the domestic price is limited to a percentage of the domestic percentage for such commodity.

Bill declares that "(1) Because of the continued economic depression inequalities in prices between basic agricultural commodities and other commodities, the basic nature of agricultural commodities affecting the welfare of the entire Nation, and the dependence of the prices of agricultural commodities upon the lower prices in foreign markets due to unsettled world conditions, there exists an emergency in respect of certain agricultural commodities;" etc.

Hearings

U.S. Congress. House. Committee on agriculture. Swank agricultural bill. Hearing... Seventy-second Congress, first session on H.R.7797, by Mr. Swank. February 4 and 5, 1932. Serial C. Washington, U.S. Govt. print. off., 1932. 83pp. 280.3 Un33Sw

Mr. Swank said "There can not be any general prosperity without agriculture receiving some benefit, because any prosperity must come from the farm. Whenever the farmers get a fair price for what they raise, there will be a return of prosperity and better wages throughout the country. They cannot continue to produce at a loss.

"The banks started breaking in the agricultural districts several

years ago, and if agriculture had been on a sound basis and the farmers had received a fair price for their products that condition would not have happened...

"This bill provides for the abolishment of the Federal Farm Board and transfers its activities or the activities of the farm marketing act to the Secretary of Agriculture...

"Section 8 of the bill provides that the Secretary of Agriculture is authorized and directed to ascertain and make public the part of the domestic production of each of the agricultural products specified in section 1, which is needed for domestic consumption. Such amount shall be known as the 'salable part' of the domestic production of such commodity, and it shall be unlawful for any person to sell or purchase any of such amount at a price less than the cost of production as determined and proclaimed by the Secretary of Agriculture."

"This bill, as I say, attempts to carry out the program of the National Farmers' Union, that part of their program, which attempts to secure for the farmer the cost of production of his crops, and that provision is also indorsed by the National Grange and the American Farm Bureau Federation..."

Mr. Swank. "The Legislature in North Dakota, February 11, 1919, passed a law requiring purchasers of grain, under that plan, to pay a license fee, and the act devised a system or means of inspection, grading, and weighing and regulated the price paid in such a way that the court said that it was a direct burden on interstate commerce..."

Statement of E. E. Kennedy, Secretary of the National Farmers' Union, Kankakee, Ill. pp.8-28. "It is a really serious situation that is confronting the farmer, not only in our section, but all over the Nation, and all industry, due to the fact that the farmer is receiving not only such a tremendously low price for his product, but a price so far below the cost of production that his income is not enabling him to meet his taxes, his interest, and other fixed charges. That makes it necessary for something to be done if we are to maintain the American farm home, the family home, as we now know it..."

"In the first place, I think it is fundamentally sound that no place on earth can a farmer's product be stored and kept as cheaply as it can be kept on the farm, and if that farmer can receive the cost of production, a price equal to his cost, including his labor, taxes, interest, and so forth, considering the farm as a unit, the matter of production will automatically regulate itself. I think it was, as I remember, during the war that the Food Administration had substantially the same authority that is proposed here, the licensing, when necessary, of the handlers of the farmer's commodity..."

THE CHAIRMAN. "You provide for licensing of the buyer rather than the seller?"

MR. KENNEDY. "Yes."

THE CHAIRMAN. "What would become of the surplus which any individual farmer might produce over his allotment?"

MR. KENNEDY. "The provision as it now stands in the bill means that it remains on the farm until that could be exported at a price equal to the cost of production."

MR. FULMER. "Do you think that the Farm Board's activities have been a disadvantage to the farmers?"

MR. KENNEDY. "I do". ... "that is the feeling among the farmers, that they are not being assisted; they are not being helped; they are not getting the price, and that it has not helped them, and that is their understanding about it. That strikes right at their pocket-book, and has affected their income; it is driving them off of the farms, and they feel that the Farm Board, with the amount of money that they have had and the authority that they have had, certainly ought to have been able at least to do better for them than they have..."

MR. KENNEDY. "Well, the Government now, without buying or selling transportation, is to all intents and purposes fixing the price of transportation; now, the Government, or the State, fix the price of services furnished to the public, by public utilities, and in transportation, even though it is not buying and selling either."

MR. GLOVER. "That is true."

MR. KENNEDY. "And that is our position in this bill here, that the Government can do the same thing for agriculture without going in and doing unlimited buying or selling either."

MR. GLOVER. "You are familiar, of course, with what was done in 1919, I believe, after the war, when there was a guaranteed price of wheat even after the war, that he should receive a certain price;..."

MR. KENNEDY. "That is substantially the same principle that is involved in this bill."

MR. KENNEDY. "The surplus would be limited, or the production would be automatically limited, by the regulation of the sale of the exportable surplus..."

MR. HOPE. "Well, don't you think that if we pass legislation of this kind we will have to provide in the bill for some machinery to assign to each farmer how much he can sell?"

MR. KENNEDY. "I think it should be stated clear enough, so that condition could be carried out; Yes sir".

MR. KENNEDY. "I think there would have to be an agency of some sort, licensing, regulation, or licensing agency of those who are buying the commodities from the farmer..."

MR. KENNEDY. "Well, I do not think it would be possible to get down to the individual farms to arrive at the basis of cost, that is, determine for each farm the actual cost, but I think an average cost would not injure at least 95 per cent of the farmers."

MR. SNOW. "But it might put me out of business in Maine, if you figure my cost of production against you who are located in the Middle West, and who by reason of climatic conditions and lower grain prices can produce eggs at less cost than I can."

MR. KENNEDY. "Under the present plan, or regulation, the farmer has no protection at all, and anything that will protect him will help to that extent. That is what is attempted here."

MR. SNOW. "In so far as you protect the egg farmer in the Middle West, do you not eliminate the egg farmer who is located in other sections of the United States?"

MR. KENNEDY. "Well, I think it benefits all, Mr. Snow. I think there would be a very general benefit that would apply to the whole agricultural industry."

MR. SNOW. "I regret to say, Mr. Kennedy, that I do not agree with you."

Statement of John A. Simpson, President of the Farmers' Educational and Cooperative Union of America, Oklahoma City, Okla. pp.33-59.

MR. SIMPSON. ... "First, why is it necessary to have a law like this? If farmers were organized to the extent that they could control the marketing of their products then we would not have to have people coming here in support of this kind of legislation. But, the facts are that farmers are not organized to that extent, and I can qualify as an expert, a man who has worked among farmers, organizing farmers, and been a farmer, and have been for 16 years continuously - the last 16 years - and I give it as my opinion that there is no time in the future at which there is a right to hope that the farmers would organize to the extent that they could take over the marketing of their products.

"We do not want the Government to go into business in an agricultural way. We do not want it to buy or sell agricultural products, but we do want it to regulate the marketing of them, and we want it to regulate them just like it does transportation, on a cost basis, including wages, for whatever labor is used in producing the crop and interest on the investment.

"Another thing that I wish to call your attention to is that this is not without precedent in agricultural production. In February, 1919, an act of Congress provided for a minimum guaranteed price for wheat of the 1919 crop...

"But if you want to amend the bill to dispose of the surplus on foreign markets for whatever it will bring, that is all right. That is one of the things immaterial to us... But I want to call your attention to one of the benefits of keeping the surplus on the farm..."

MR. GLOVER. "If this plan of yours was enacted into legislation could not that surplus be taken over as you stated, by some agency, or bonding company, or by the farmers themselves in their own organizations taking over the surplus and receiving Government aid as they do now for holding the surplus until that can be marketed abroad, and taken care of in some way? As stated by you, and I think your figures are correct, that there is not so much a lack, I mean, not so much overproduction, or would not be, if we had more purchasing power so that people could take that surplus off of our hands in this country and use it."

MR. SIMPSON. "Yes, Congressman; I think we are in accord there."

MR. SIMPSON. "Acreage control, to my mind, is foolish..."

MR. ADKINS. "Now, suppose that this program was in operation and that it could work and would work, is it your notion that the increased buying power of the farmer would be such that they would become potential customers to such an extent as to relieve those who have other commodities to sell? Is it your notion that the buying power would automatically be increased by reason of the increased demand that would come from a farmer receiving this benefit?"

MR. SIMPSON. "Yes."

MR. ADKINS. "And that he will therefore become a buyer, be more able to buy?"

MR. SIMPSON. "Yes."

MR. ADKINS. "Do you think that the price fixing of farm products would not result in price fixing for all other commodities that are not made on the farm?"

MR. SIMPSON. "They are already fixed."

MR. ADKINS. "They are already fixed?"

MR. SIMPSON. "Yes. If a man who was handling a binder, for instance, undertook to sell it at a dollar less than the manufacturer's price, they would take his agency away from him."

MR. ADKINS. "You think that is the same thing about other commodities?"

MR. SIMPSON. "Yes, Mr. Adkins."

Statement of C. H. Hyde, Alva, Okla., pp.59-62. Mr. Hyde said "Several times during the last 15 or 16 years I have appeared before the Agricultural Committees of the House and Senate.

"I am a wheat farmer. I live on a farm 6 miles in the country west of Alva, Okla. I have lived on that farm more than 35 years.

"In previous appearances, I suggested what I thought would place agriculture on an equality with industry and labor. To me it was plain that agriculture was drifting toward ruin. I fear that unless a change is made we will reach our destination very, very soon. Perhaps we have arrived there now."

"I believe this bill with the Frazier farm finance bill in the Senate will restore prosperity to the farmers; and until prosperity is restored to the farmers, industry can hope for no change."

Statement of F. Schultheiss, Prairie Farm, Wis. pp.62-66.

Mr. Schultheiss said "I am a farmer, living on a 240-acre dairy farm in Wisconsin, Barron County, the Banner county in our State. This fact qualifies me in particular to know the circumstances and conditions of the farmer..."

"The factor of most importance is not how much farmers get for their products but how these prices compare with other prices. The most discouraging aspect of the present situation is the fact that agricultural prices have declined more than other prices. Ever since the war prices which farmers have had to pay have been higher than the prices which they receive..."

"Agriculture has during the last decade operated below cost of production, which course it is unable to pursue any longer. Agriculture, the basic industry, needs stabilizing as much as banks, railroads, and insurance companies. In fact it should be the place to start stabilization, which would in turn stabilize industry, banks, railroads, and insurance companies.

"In this crisis which rocks the very foundation of our Nation and in times far more serious than during the World War, political and strategical maneuvers should be discarded and true statesmanship practiced in its stead."

Statement of Charles W. Gramer, Princeton, Ill. pp.67-68.

Mr. Gramer said "To qualify as a farmer I wish to state that I have spent my entire life, except the last couple of years, on the farm that I am the part owner of..."

"If this is to be a happy, prosperous, and contented Nation, we must all go forward together and become a land of home owners again. Progress and poverty can not go hand in hand. The safety of this

Nation depends upon the security of the home, and civilization begins and ends with the plow...

"Where the national marketing act has failed as it has been administered as it does nothing to control the surplus. The Swank bill will control the surplus by placing the burden on the one producing a surplus in proportion to the amount of surplus he produces...

"It is my opinion that if something is not done to help agriculture (and I believe the Swank bill will help) that you will have fewer and fewer independent farm homes in the United States and the majority of food products will be produced by a peasant class similar to the peasants of Europe or our corporation farms (and we have a great many of them in my State), with the class of labor that comes from Russia, Japan, or Mexico, and if this happens, you have destroyed the foundation of this Government that is the independent American farm home."

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123... April 26, 27, 28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa 1932

Telegram from F. Schultheiss, President Barron County Farmers Union and member of Executive Board, National Farmers Union, to Senator McNary.

..."Restored purchasing power of the masses and a square deal for agriculture only solution in present crisis. Prosperity starting with producers of wealth, agriculture, and labor, will lock back door to fast-growing unrest and communism. If not spell entire defeat. Present administration philosophy that the masses exist for the few must be changed by a courageous Congress exercising its constitutional powers..."

U.S. Congress. Senate. Committee on agriculture and forestry. To abolish the Federal Farm Board and secure to the farmer cost of production. Hearings... Seventy-second Congress, first session on S.3133... February 4 and 5, 1932. Washington, U.S. Govt. print. off., 1932. 77pp. 280.3 Un37To

Senator Thomas said, "this bill was prepared by the National Farmers' Union, working together with the Oklahoma delegation in Congress, both House and Senate. The bill was introduced in the House by Congressman Swank of Oklahoma, and in the Senate by myself."

Statement of John A. Simpson, President National Farmers' Union, Oklahoma City, Okla. pp.3-21.

Statement of C. H. Hyde, Representative of Farmers' Union, Alva, Okla. pp.22-28.

Statement of Chester H. Gray, Washington Representative of the American Farm Bureau Federation: pp.30-31.

Mr. Gray said, "In the consolidated program of the three national farm organizations, speaking particularly on that portion of the program which is before your committee this morning, we are in agreement on any question or any procedure which will relate to expanding the licensing powers of the Federal Government. We are in agreement on any procedure which will segregate the surplus from the domestic requirements of any farm crop. We are in agreement in regard to getting, as nearly as may be, the cost of production for the farmers who produce any and all farm crops."

"In the American Farm Bureau Federation, the members of this committee know that for more than six years the American Farm Bureau Federation has advocated legislation that sought to accomplish those purposes, the equalization fee being the particular form we had in mind.

"Sections 8 and 9 of your bill now pending, Senator Thomas, contain three ideas which are in accord with the 6-year program of the American Farm Bureau Federation. Those three ideas are: An expansion of the licensing powers of the Federal Government; a segregation of the surpluses; and getting, if it is possible to get, the cost of production...

"We have come, in the American Farm Bureau Federation, to believe that no one plan, the equalization fee, the debenture, an allotment, licensing, or otherwise, will be wholly unable and applicable in all the conditions of marketing, surplus, domestic, and world trade which we will face."

Statement of Joseph Cope, West Chester, Pa., representing Farmers' Protective Association of Pennsylvania. pp.31-40.

Mr. Cope included "An Indictment of the Federal Farm Board," presented on behalf of the Farmers' Protective Association of Pennsylvania (Inc.) by the secretary Joseph Cope, before the United States Senate Committee on Agriculture at a hearing on bill S.3133, February 4, 1932.

Letter from Mr. Robin Hood, secretary and treasurer of the National Cooperative Council, of Washington, D.C. "expressing our opposition to Senate bill 3133." p.40.

Statement of T. E. Howard, Chairman of the Board of Directors of the Farmers' Educational & Cooperative Union of America, Denver, Colo. pp.41-51.

Mr. Howard said, "The bill before us is not a bounty proposal, a debenture, or an equalization fee as such, but it does have to do with the price of cotton and basic farm commodities..."

"This bill does no harm to any group of citizens in this country. It does a service to all groups of citizens in this country, because of the basic reason that it reestablishes the purchasing power of the farmer. That purchasing power of the people has been destroyed. There is only one way to reestablish that purchasing power: Return the farmer to the place where he can buy commodities, and he will start the factory wheels of every industry in this country."

Statement of Paul Moore, West Branch, Iowa, representing Farmers' Union, Cedar County, Iowa. pp.51-53.

Statement of E. H. Everson, State President, Farmers' Union of South Dakota. pp.54-57.

Mr. Everson said, "Agriculture is our basic industry. Upon the sources of agriculture all other industries very largely depend. Agriculture can not continue to operate at a loss without disastrous results to those other industries and to our Nation as a whole..."

THE CHAIRMAN: "...This bill, in a very brief way, treats surpluses as a great evil, and properly so, in my judgment... Is it your opinion, in view of the conditions, that the world price would justify the operation of this bill next year and permit you to sell all of your wheat, or will you have to carry it indefinitely?..."

Mr. Everson said "I think it would have a tendency to reduce production. I can not conceive how a farmer would continue to pile up wheat in large volume when he saw that he was not getting the cost of production.

THE CHAIRMAN: "You are coming to just the thing that the Farm Board has been criticized for, advising voluntarily decreasing acreage."

MR. EVERSON said "Yes; I believe that would be done. I think it would be more likely to be done than if it were brought about in a compulsory way."

THE CHAIRMAN. "You think that the farmer would decrease his acreage, whereas he will not decrease it under the suggestion of the Farm Board?"

MR. EVERSON said "That is probably true."

Statement of Emil Becker, Member of the National Board of Directors of the Farmers' Union. - pp.57-61.

Statement of Samuel L. Sheaffer, Quarryville, Pa., pp.62-69.

Statement of C. W. Anthony, Wyanet, Ill. pp.69-70. "The production of food is the fundamental necessity of our society. And you, Senators, are just as dependent upon the soil as we who live on the farms of Illinois or any other State. Let this thin covering that we call soil, vanish from the globe, and all life would disappear within a year. Then our obligation to society is to sustain a prosperous and contented agriculture.

"We feel as an organization that this can be brought about with proper legislation, granting the farmer cost of production. I, for one, maintain that we are entitled to the same recognition as the makers of shoes, clothing, automobiles, farm machinery, etc. Should the farmer be granted cost of production, he would never be short of purchasing power. In 1918, 1919, and 1920, the farmer received cost of production for the first time in the history of agriculture. At that time we bought homes, built new buildings, bought clothing, automobiles, and raised our standard of living that satisfied the more sane of us."

Statement of J. G. Erp, Canby, Minn. p.70. "The grain and livestock prices are far from cost of production, and for that reason the farmers are not able to pay their bankers, doctors, storekeepers, interest, or taxes, and so forth..."

Statement of C. C. Talbott, Jamestown, N.Dak., pp.71-75. President of the Farmers' Union of North Dakota. "In my candid judgment, fixing a price relative to cost of production of the home-consumptive demand would in a very short time entirely eliminate surplus; it would automatically eliminate it, for costs of course were figured on such production as is consumed here, not on the whole of the surplus..."

"The cost of production to the farmer will do two things, gentlemen of the committee, in my judgment: It will reduce the surplus and induce the farmer to put in shorter hours and absorb a little more culture, and will tend to bring back to the farms a lot of people who have gone to the cities because they have lost their farms through not getting the cost of production. Farmers work now and always have worked longer hours than any other class of society. A living wage on the farm will tend to shorten these hours of toil and bring out a better class of citizens than we have had in the past."

U.S. Congress. House. Committee on Agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session. February 16, 17, and 18, May 4, 11 and 25, 1932. Serial E. 4 pts. Washington, D.C., 1932. 280.3 Un33F

Statement of Hon. James V. McClintic, a Representative in Congress from the State of Oklahoma, May 11, 1932. Pt.4. pp.43-50.

Mr. McClintic said, "I feel that just as sure as I am standing here, the citizens of this country are sitting on top of a powder keg and unless something is done to enable these farmers who can not pay their taxes, who are losing their farms, who do not have any money to buy the necessities of life, to get out of this situation, they will soon be in a position where reason will be dethroned to the extent some are liable to join any kind of a movement that offers some kind of relief.

"We continue to say that communism and bolshevism and all these other 'isms' can not live or prevail in this country. But I want to tell you that when a man is hungry, reason is dethroned to the extent that he is liable to do practically anything.

"I have been here 18 years and never before in all my experience have I received the kind of communications that are coming to my office daily. Every one of them complains because the Government does not pass some kind of legislation that will enable the farmer to at least get the cost of production on a portion of his crop...

"As I view it, we make the common error of beginning at the top and trying to work down. The source of practically all wealth is in the ground and unless those who operate at this source can be recompensed to the extent of being able to make a bare livelihood, there can be no happiness in this Nation... It seems to me that the only way we can ever get our farmers to the point where they will receive the cost of production is to have legislation that will control the exportation and importation of the crops affected, because if we do not control the marketing of crops, then the guaranteed price would be broken, because the consumers in this country would immediately buy wherever they could purchase the cheapest."

THE CHAIRMAN: "How would you arrange to give the cost of production to the domestic market? Would you arrange it by taking money out of the Treasury? Would you arrange it by forbidding any one to buy or forbidding any one to sell at less than that price?"

MR. McCLINTIC. "That is a very difficult question to answer."

THE CHAIRMAN. "But that is the question that the Committee must answer, if they are to act intelligently on this proposition."

MR. McCLINTIC. "It would seem to me that the law of supply and demand would take care of the price of any commodity when it was known beforehand that the amount that could be sold in the country was limited to that which was needed to take care of the local demand. Automatically, of course, that would bring the price up to the cost of production."

THE CHAIRMAN. "Then you would forbid the selling of the surplus in this country?"

MR. McCLINTIC. "I would withhold the surplus; having it understood that the surplus could not be sold in this country other than to agents who represented outside concerns, unless there was a change in the domestic demands..."

THE CHAIRMAN. "...Are you thoroughly convinced that the National Government has the authority to say to a farmer that he shall not sell a commodity which he has grown in this country?..."

MR. McCLINTIC. ... "Congress has asserted its power to control interstate and foreign commerce with respect to wheat and cotton in such comprehensive legislation as the grains futures act, the United States warehouse act, the United States grain standard act, the United States cotton futures act, the United States cotton standard act, and the agricultural marketing act. Therefore, the Supreme Court in upholding the constitutionality of the grain futures act enunciated the principle that Congress has the power to regulate cotton and wheat prices. I have suggested that if there was any doubt in the minds of the members of the committee that the provision contained in this legislation might be declared unconstitutional, then a new section written which would give the Farm Board the right to withhold or deny any association from receiving financial aid unless its members complied with the legislation..."

THE CHAIRMAN. ... "So the question of the legal right of the Government as to whether he shall sell anything at less than the minimum price and the question of forbidding him to sell his surplus are involved in the issue that you raised..."

MR. McCLINTIC. ... "If the debenture plan, which I have voted for in the past, is considered by the members of this committee to be the best plan, then report a bill out with the debenture plan in it. If you do not like that, report a bill with the equalization fee feature in it. But, for goodness' sake report something out so that we can hold out to those who are now about to sink, some measure of hope..."

MR. McCLINTIC. "The allotment plan will do two things. It will regulate acreage and automatically bring about diversification. This will improve conditions on the farm."

EQUALIZATION FEE

Bills

Brookhart

S.123. To amend the agricultural marketing act, and for other purposes. Introduced Dec. 9, 1931. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 281 Un31Fa Hearings held by House Committee. 280.3 Un33F

Provides for organization of a stabilization cooperative for each of following commodities: Corn, cotton, wheat, oats, and livestock. The Federal Farm Board is authorized to purchase and sell under certain conditions total exportable surplus of these commodities, to provide for transportation and storage of them, to borrow money, to lay an embargo on imports of any agricultural commodity for such periods as board may deem necessary, etc. Provides that board shall determine average cost of production to farmers of these commodities during preceding 5 years, and offer price equal to cost of production so determined plus enough profit to yield 4 per centum upon capital investment.

In case board must sell at a loss a revolving fund is provided as follows: "Secretary of the Treasury shall issue each month to the board a Treasury certificate of the face value equal to the total duty that would be collectible on imports of the commodity in an amount equal to the exports thereof for such month, except that in the case of cotton the amount of the certificate shall be computed on the basis of 5 cents a pound for each pound of cotton exported during such month. The board shall be entitled to draw out of the Treasury an amount equal to the face value of each certificate so issued", etc.

In order to carry out the surplus-control operations in these commodities without loss to the revolving fund, the collection of an equalization fee is provided for to be paid upon the transportation, processing, or sale of each marketed unit of such commodity covered in bill.

"Under such regulations as the board may prescribe the equalization fee determined under this section for any agricultural commodity produced in the United States shall in addition be collected upon the importation of each designated unit of the agricultural commodity imported into the United States for consumption therein, and an equalization fee, in an amount equivalent as nearly as may be, shall be collected upon the importation of any food product derived in whole or in part from the agricultural commodity and imported into the United States for consumption therein."

Provides also for organization of Federal cooperative associations.

McNary

S.3680. To amend the agricultural marketing act, approved June 15, 1929.

Introduced Feb. 17, 1932. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 280.3 Un37Am and 281 Un31Fa

This is the equalization fee plan, commonly referred to as the McNary-Haugen bill. The following is taken from S.Rept.732 accompanying S.4536 (May 25, 1932) the three-way bill:

"In Title I, the equalization fee plan, is found virtually the language which has been twice examined by Congress in its former approvals of this plan. A brief description of the equalization fee plan includes such items as the following:

"(a) The fee is assessed on each unit of the commodity as it moves into commerce, irrespective of whether or not the commodity is produced by a member or nonmember of a cooperative organization.

"(b) The fee when collected on a sufficient number of units of the commodity moving into commerce soon builds up a stabilization fund derived wholly from the commodity.

"(c) Until the stabilization fund has accumulated a sufficient amount to defray costs, losses, and charges incident to the handling of the surplus of a commodity the revolving fund now at the disposal of the Federal Farm Board would be used to start a marketing operation in respect of a commodity. During a marketing period, however, the stabilization fund coming exclusively from the units of the commodity moving into commerce would supplant and underwrite the revolving fund of the Federal Farm Board.

"(d) At the end of a marketing period in respect of any commodity

whatever amount was left in the stabilization fund would neither be returned to the producers of that commodity nor to the Federal Treasury, but would reside with the Federal Farm Board, to begin marketing operations upon the commodity without recourse to the revolving fund...

"(f) The equalization fee is a surplus control charge against each unit of the commodity, with no constitutional question involved, based as it will be on the commerce clause of the Constitution and being used exclusively for the benefits to accrue to the producers of the commodities upon which such charge is levied.

"(g) The equalization fee controls production not by imposing on the individual farmer a definite mandate relative to acres or units of the commodity which he may produce, but by automatically increasing the size of the fee and consequently reducing the total net profit if overproduction is indulged in. The fee is to be paid on each unit of a commodity in transportation, processing or selling of such unit, but may not be collected more than once in respect of any unit." etc.

Howell

S.4485. To amend the agricultural marketing act, approved June 15, 1929, as amended.

Introduced Apr. 25, 1932. Referred to Committee on Agriculture and Forestry.

This is the equalization fee applied to one crop. For explanation of bill see statement of Mr. Howell under U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings...

Norton of Nebr.

H.R.6992. To amend the Federal Farm Board Act.

Introduced Jan. 5, 1932. Referred to Committee on Agriculture.

Essentially the same as S.3680. Omits section relative to stabilization funds, which provides for establishment of a stabilization fund for each agricultural commodity as to which marketing agreements are made by the Federal Farm Board.

Haugen

H.R.7609. To amend the agricultural marketing act, approved June 15, 1929.

Introduced Jan. 13, 1932. Referred to Committee on Agriculture.

Same as S.3680.

Hearings

U.S. Congress. House. Committee on agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session. February 16, 17, and 18, May 4, 11, and 25, 1932. Serial E. pt.1. Washington, D.C., 1932. 280.3 Un33F

Contents: Statement of Mr. Brookhart, pp.37-62 see at end of Hearings.

Statement of Edward A. O'Neal, President American Farm Bureau Federation on Feb. 18, 1932: pp.63-68.

Mr. O'Neal discussed the Haugen bill and the Norton bill. He said, "I notice in the Agricultural Department report here of January 29, 1932, that it gives the farmers' price index as of January 15 as 63, on the average... Now on the other hand, the price the farmer has to

pay for commodities he buys goes up to 121, so the ratio in price received against the price paid is 52... that just shows the condition the farmer is in, and that he is flat on his back and that he has practically no buying power... And I do not think that you are going to bring back prosperity in this country or that there is anything that has been done by Congress or can be done to do that until you restore to the American farmer the buying power that is necessary.

"Our own organization has, since 1924, stood for the handling of the surplus through the equalization fee plan."

Statement of Earl C. Smith, President Illinois Agricultural Association and member, Board of Directors, American Farm Bureau Federation. Feb. 18, 1932: pp.68-79.

Mr. Smith said, "We have come here representing agriculture for the last 12 years, asking, requesting, urging and pleading and begging that attention be given the fundamentals of the thing itself and not half-way measures.

"I believe we have failed, and the reason I believe that is because a review of the official statistics discloses the fact that we have been, in agriculture, in a continuous period of deflation since 1920. Regardless of any period of prosperity enjoyed by any other economic group, yet the facts are that has been our lot since 1920... My purpose was chiefly to direct your attention to restoring on a sounder basis that basic industry in America, and in my opinion we will not go much further toward any permanent solution of the general condition, of this condition in the welfare of our citizens as a whole, until we relieve our basic industry...

"Therefore, to make a program successful, to make it possible to handle the surplus and to improve prices by taking care of that surplus, I think the equalization fee is absolutely essential... the important question now is to raise the price level up to a basis where we can have some profit, so that the producer will get something to pay his bills."

Mr. Andresen asked: "Is it your opinion that the assessment of the equalization fee would have a tendency to control production?"

In reply Mr. Smith said, "I think it would have a depressing effect on the producer; yes."

Further Mr. Smith said, "If you have a plan that is put into operation in the interest of the agricultural producers of America, taking it throughout the country on the principal commodities, I think it is highly desirable to get the control of the surplus so as to improve price levels. That is the proposed plan to be worked out under the authority of the Government, and I believe, that if they are to get the benefit from the system there should be some plan by which they would have to pay a part of the cost for the result to be obtained."

Mr. Smith developed the points of difference between the equalization fee and the debenture plan.

Statement of R. W. Blackburn, President California Farm Bureau Federation, and member of the Board of Directors of the American Farm Bureau Federation. pp.79-84.

He called attention to some of the problems of surplus control confronting the farmers in California.

Statement of Charles E. Hearst, President Iowa Farm Bureau Federation. pp.84-86.

Statement of W. R. Ogg, Assistant Director, Legislative Department of the American Farm Bureau Federation, Washington, D.C. pp.86-90.

He quoted statistics for acreage and yields and with reference to wheat said, "In other words, if we had been able to get the acreage control we would not have been able to get production control over the amount of exportable surplus and the annual result would have given us more than the amount of the exportable surplus..."

"Now, I think that the equalization fee is the best way to control production, and if you can control production you will be able to raise the price level and the farmer can pay his taxes, his debts, and keep his home."

He included charts showing fluctuations in yields of corn, wheat and cotton per acre, 1892-1931.

Statement of W. H. Settle, of Indianapolis, President Indiana Farm Bureau Federation, and also member of the Board of Directors of the American Farm Bureau Federation. pp.90-93.

Statement of C. R. White, President of the New York State Farm Bureau Federation, and a member of the Board of Directors of the American Farm Bureau Federation. pp.93-96.

U.S. Congress. Senate. Committee on Agriculture and Forestry. Amendment to Agricultural marketing act. Hearing... Seventy-second Congress, first session on S.3680... February 18, 1932. Washington, U.S. Govt. print. off., 1932. 78pp. 280.3 Un37Am

Contents:

Statement of Edward A. O'Neal, President American Farm Bureau Federation. pp.13-58.

Mr. O'Neal said, "Our own organization... has stood for the equalization fee, and I would like to have in the record Senator McNary's bill, introduced in the Senate yesterday, which states our position with regard to handling the surplus. It is taken from the old McNary-Haugen bill... No measure that may be passed, of any sort whatsoever, is ever going to bring back prosperity in the United States until that is done for American agriculture." He had printed as part of the hearing briefs worked out by the American Farm Bureau Federation showing how the equalization fee would work over 5-year periods on cotton, wheat and corn, livestock products, hog products, tobacco, and so forth, and tables showing tariffs in foreign countries, exports of agricultural commodities to foreign countries, etc.

Statement of Earl C. Smith, President Illinois Agricultural Association, pp.58-65. Mr. Smith said, "I believe... that until we correct this evil in agriculture, it is humanly impossible to correct the economic chaos in which America finds itself at the present hour."

"The records of the Congress are full of illuminating information throughout all these years of effort, pleading and appealing, and requesting attention to this one question. It was predicted, way back in those early years, that unless something effective, courageous, and determined was done, we would be right where we are to-day. I do not say that is the whole cause, but I think it is the fundamental cause."

Statement of R.W. Blackburn, President California Farm Bureau Federation. pp.65-68.

Mr. Blackburn told of experiences in California "during the past few years, in trying to control the surpluses of some of our crops."

Statement of Charles E. Hearst, President Iowa Farm Bureau Federation, Des Moines, Iowa. pp.68-74.

Mr. Hearst said, "there is nothing that we think would affect production control so advantageously and so definitely as the matter of price. We have seen all efforts at production control used in this country. Some States have made an effort by law to reduce acreage of certain surplus crops. We found that the Supreme courts do not approve of arbitrary methods of reducing production. We have tried as organization leaders the education plan of having voluntary reduction by our members. This is most difficult because so many are not members of any cooperative agency who, nevertheless, receive the benefits that have been obtained for them by the organized cooperatives in the matter.

"We find that the varied production regardless of acreage is so marked that acreage control will not answer the proposition. We believe, in supporting the equalization fee, which we have supported for years, that the instrument which will be most effective in controlling production is the price feature." With reference to the definition of overproduction he said, "I am talking in terms now of exportable surplus more generally than anything else, because that is the surplus that seems to destroy all values on these crops."

Statement of W. H. Settle, Indianapolis, Ind., president of the Indiana Farm Bureau Federation. pp.74-76.

Mr. Settle said, "We believe the equalization-fee system comes nearer giving the farmer some degree of control of the marketing of his commodity than any other system that has ever been advocated or devised. We will all agree, I am sure, that the reason that agriculture is in the condition that it is to-day is because it has had no control of the distribution or marketing of the farm commodities. Had we been in a position to have some control of marketing or price fixing, as all of the other great industries have had in this country, we would not find agriculture where it is to-day, nor would we find the other industries where they are to-day. We would have kept the price level of agricultural commodities to a point where we would not have forced the conditions generally that we are going through today."

Statement of C. R. White, Ionia, N.Y., president of the New York State Farm Bureau Federation. pp.76-78.

Mr. White said, "I want to say that organized agriculture in New York is back of this movement for an equalization fee... practically all of the larger institutions create surpluses. They anticipate their surpluses, and they collect from the general public a certain margin with which to cover a loss on surplus exportations or possibly the dumping of that surplus in some poorer sections... That principle is the same as we are asking here."

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123... S.3680... April 26, 27, 28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa 1932.

Statement of Edward A. O'Neal, President American Farm Bureau Federation on April 29, 1932: pp.152-156.

Mr. O'Neal said, "I think this, very frankly - and I am glad to see that I am not alone in the thought - that not only the farm organizations but other men in the Nation have concluded this, that everything we have done may be helpful, but unless we restore values in agricultural commodities the most that we are undertaking to do or which has been done will be of no avail."

He quoted a letter from Mr. Barney Baruch, of April 14, which read: "In this depression the decline in commodity prices has doubled, and in some cases trebled, the burdens of debts, and this inequity is the chief threat to the return of prosperity."

He read a letter from Gov. Frank O. Lowden, of Ill., dated April 23 reading: "Some way must be found to make the nonmembers of the cooperative bear their fair share of the cost to the cooperative involved in its handling of the commodity. The absence of any such method at present seems to be the chief obstacle to successful cooperative marketing."

"The equalization fee was designed to accomplish this very purpose. In all the voluminous literature upon the subject - and I have followed it closely - I have seen no method proposed with this purpose in view as promising as this."

"In this connection I wish to quote from Prof. R. G. Tugwell, of Columbia University. In discussing the McNary-Haugen bill of 1928, he said: 'I should like to have seen it tried as a beginning. Indeed the more I study the bill of 1928 the deeper my admiration becomes. As a piece of social legislation it surpasses anything an American Congress ever framed.'"

Statement of Senator Robert B. Howell, of Nebraska: pp.97-102.

With reference to his bill S.4485, he said; "There is one measure that has been before Congress for a number of years. It has passed both Houses twice. I refer to that measure which has been denominated the McNary-Haugen bill..."

"You will recall that it has been urged in Congress that the McNary-Haugen bill would be held unconstitutional by the courts. This suggests that the first effort to apply this measure would mean a legal test thereof. I think that legal test should be gotten out of the way at the earliest possible moment..."

"Therefore, as I have said, I have approached this matter from the research point of view with the idea that it is now possible to try an experiment with the McNary-Haugen principle; that this experiment might be provided for before the end of this session, and that we would be on our way to either eliminate this measure or substantiate its possibilities."

"Therefore I have introduced a bill that provides for the experiment with but one crop. I have not named the crop in the bill; I have left that for the committee. It is immaterial to me as to what the crop may be."

U.S. Congress. House. Committee on Agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session... Serial E. Washington, U.S. Govt. print. off., 1932. 4pts. 280.3 Un33F

Statement of Hon. Smith W. Brookhart, a United States Senator from the State of Iowa. Feb. 17, 1932: pp.37-62.

He spoke on the debenture bill H.R.7236 (see under Export Debenture) and on his bill S.123.

He said, "Now, there are two phases of this farm problem. The control of surplus is one, and the marketing of the home demand is the other... I think the farm leaders, as I say, have done their duty when they tell us they are entitled to the cost of production. I think it is our business, our job, as the legislature, to work out the legislative set-up that will give that to them."

With reference to his bill he said, "I propose... the cost of production plus a 4 per cent profit on the capital investment..."

"One debenture is handled differently from Mr. Taber's plan. Take cotton, for instance, at 5 cents a pound, we will have the Treasury Department issue a certificate to the Farm Board for the amount of that debenture. The same is true on the other products at full amount of the tariff. They will deliver the debenture certificate to the Farm Board, and if they have lost on the sale of the surplus they can draw on the certificates, and if they have not lost they need not draw on the certificates..."

"Now I have provided in this bill that they can draw on the debentures from the Treasury in the amount of \$529,000,000. That is provided up to that amount in this bill..."

"If this bill is passed with a billion dollars it would mean that the Farm Board would be required to buy this surplus at the cost of production. They will have the actual cash, they can buy this surplus, and they will be in control of the surplus, and the farmer will get his cost-of-production price."

"Congress has given two billions already to the banks and the railroads, and here are the farmers, the most important part of our whole industry, larger than both of them combined, and we are providing only one billion for them. That is the amount which Mr. Hoover and Mr. Barnes suggested in their plan for wheat alone," etc.

Further, he said, "The deflation of agriculture in 1920 was the heaviest of all of the causes of this depression."

"Mr. Fulmer. In the next place, if you could bring about fair agricultural prices, we would not have to worry about bank failures, because farmers would be able to take up their papers and there would be no occasion for having to create such institutions as the War Finance Corporation."

"Senator Brookhart. If the farmer could get the money to pay his bills and to pay his notes at the bank, Charlie Dawes would not have to loan any money at all."

EXPORT DEBENTURE

Bills

Jones

H.R.7236. To provide for the issuance of agriculture export debentures. Introduced Jan. 8, 1932. Referred to Committee on Agriculture. Hearing held by House Committee. 280.3 Un33F

Essentially the same as H.R.12574. (see below) except that authority is under Federal Farm Board.

Debenture plan was introduced with some changes as Title II to Three-way bill.

Johnson of Tex.

H.R.11892. To amend the tariff act of 1930 to authorize export-debenture certificates on agricultural products.

Introduced May 5, 1932. Referred to Committee on Ways and Means.

Provides for issuance of export debentures by Secretary of the Treasury upon notice from Federal Farm Board of need, to any farmer, cooperative association, stabilization corporation, or other person with respect to such quantity of the commodity or any manufactured food product thereof or any product manufactured from cotton or tobacco, etc.

"Debenture rates in effect at any time with respect to any agricultural commodity shall be one-half the rate of duty in effect at such time with respect to imports of such commodity, except that so long as no import duty is imposed on cotton the debenture rate thereon shall be 2 cents per pound." etc.

"In order to prevent undue stimulation in the production of any debenturable agricultural commodity, whenever said board finds that the production of any debenturable agricultural commodity during any crop year has exceeded the average annual production of such debenturable agricultural commodity for the preceding five years said board shall by proclamation prescribe that during the next succeeding year the export debenture rates for such commodity shall be reduced by the percentage hereinafter fixed."

Jones

H.R.12574. To provide for the issuance of agricultural export debentures, to secure to the farmers a fair price for agricultural commodities, and for other purposes.

Introduced June 10, 1932. Referred to Committee on Agriculture.

Reported with amendment June 11, 1932. H.Rept. 1608 submitted.

The following is quoted from H.Rept.1608 on the bill: "It is not necessary to dwell upon conditions. They are admitted... The purchasing power of the farmer's dollar stands at 50 cents. The basic nature of agriculture is also admitted. Every thinking person will agree that restoration must begin at the grass roots; that it can not be pushed down from the top."

"The bill provides that debenture rates in effect at any time with respect to any commodity to which it is applicable shall be one-half the tariff rate on such commodity, with the exception that the debenture rate on the commodities indicated are specified. These commodities are corn or maize, rice, wheat, cotton and tobacco.

"While this premium would be paid upon the part of the commodity that is exported, it is expected that the whole domestic price level of the commodity would be raised substantially the amount of the debenture. This has been the effect in other countries that have adopted similar plans...

"In order that the plan may not work any hardship upon manufacturers using agricultural commodities, the bill provides for such

debenture rates on manufactured commodities exported as will equal the increased cost of the raw materials contained therein."

"As a check against overproduction it is provided that if the Secretary of Agriculture finds that there has been an increase in production in excess of the average for the preceding five years, debenture rates on exports shall be progressively decreased."

Jones

H.R.12645. To provide for the issuance of agricultural export debentures, to secure to the farmers a fair price for agricultural commodities, and for other purposes.

Introduced June 15, 1932. Referred to Committee on Agriculture. Same as H.R.12574, as reported.

Hart

H.R.14706. To extend the benefits of the tariff to surplus agricultural products.

Introduced Feb. 18, 1933. Referred to Committee on Agriculture.

Provides for issuance of commodity exchange certificate, in amount of duty paid, upon imports other than food products, to the person, firm, corporation, or cooperative society making payment of such duty. These shall be issued until such date as the Secretary of Agriculture shall certify that the domestic supply of any commodity herein specified is not in excess of requirements for domestic consumption.

Provides for issuance of a surplus commodity certificate to person, firm, corporation, or cooperative society making exports of cotton, wheat, corn, tobacco, rice, or lard. Holders of commodity exchange certificates shall be entitled to collect from the U.S. Treasury face value of certificate if presented within 60 days attached to a surplus commodity certificate. Surplus commodity certificates presented within 6 months shall be accepted in payment of tariff duties upon imports from country named in the surplus commodity certificate of articles other than food products to an amount equal in value to the commodities for which the certificate was issued.

Hearings

U.S. Congress. House. Committee on Agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session... Serial E. Washington, U.S. Govt. print. off., 1932. 4 pts. 280.3 Un33F

Statement of L. J. Taber, Master The National Grange, Columbus, Ohio, Feb. 16, 1932: pp.1-35.

Mr. Taber discussed H.R.7236 and suggested amendments. He said, "Congress, at Hamilton's suggestion, as I pointed out, in 1791 adopted a tariff system for industry, without the compensatory benefits to agriculture, which were recommended by Hamilton in his original suggestion... Unfortunately no Congress of the United States in that generation or in the generation since the first Congress passed the first tariff act has made a determined and positive effort to bring all the plowlands of America under the protective system as suggested by Hamilton."

"Mr. Taber. It is a fact that the reduced purchasing power has been one of the major contributing causes of the present depressed condition, but reduced purchasing power has its reasons. One of them is the war... He [the American farmer] can not, under present conditions, meet his interest, pay his taxes, from the present price of his commodity; he does not have purchasing power for the products of industry, and it is for that reason we are insisting on a program that would bring the farmer into the picture again.

"Mr. Andresen. What you want is to raise the commodity price level of the farmer so that he will have a greater purchasing power.

"Mr. Taber. That is it exactly.

"First, with the debenture and increased purchasing power, there would be an increased consumption on the farm and increased use of the materials and an improvement in labor conditions. That carries out the same theory that if we bring the American farmer fully under the protective system, if we can give to him the same chance as we do to others, we are going to improve standards of living. As we increase his ability to pay we will not only do that for him, but we will do the same thing for others, because when you raise the standard of farm purchasing power you are going to find happiness, substantial growth in his activities, and prosperity...

"Now I want briefly to suggest that one of the things that the Grange has stood for from the very beginning, and I think that organized agriculture itself stands for, is that we should check over production. We should compel the farmer himself to bring his commodities under control."

Statement of Hon. Hatton W. Sumners, a Representative in Congress from the State of Texas. May 11, 1932. Part 3, 28 pp.

Partial list of subtitles follows: Agriculture the basic business; Protective tariff a bounty-agriculture no participation other than in paying the burdens; Agriculture at end of passing line; Agriculture root of the tree; Not a panic, but paralysis of circulation; Not going to cure itself; Not a partisan matter; Agriculture bled white can not buy; Farmer sells in competition with cheapest labor on earth and pays bounty; etc.

U.S. Congress. Senate. Committee on Agriculture and Forestry. Amendment of Agricultural marketing act. Hearing... Seventy-second Congress, first session on S.3680... February 18, 1932. Washington, U.S. Govt. print. off., 1932. 78pp. 280.3 Un37Am

Statement of L. J. Taber, Columbus, Ohio, Master National Grange: pp.1-13.

Mr. Taber included "the resolution of the National Grange, adopted at its last session" Nov. 11-20, 1931 which reads: "That we favor amending the cooperative marketing act by substituting for the stabilization corporation feature the plan of the export debenture stabilization corporation feature the plan of the export debenture and/or such other method of bringing our exportable crops under our protective tariff system as can be developed on a sound basis."

He also included the "Joint Statement of American Farm Bureau Federation, Farmers' Union, and The National Grange", adopted at their recent joint meeting, Jan. 6, 7, 8, 1932, and reading as follows:

"We insist that the agricultural marketing act shall be continued in force as a principal method of stimulating cooperative marketing and advancing the cause of disposing of surpluses so that they will not depress the domestic price.

"The marketing act should be amended immediately by the inclusion of the debenture plan, equalization fee, or any other method which will make it effective in controlling surpluses," etc.

Mr. Taber said, "there is not before the Senate a direct debenture bill, for the reason that, as you remember, the point was raised in 1930 that the debenture might be considered as revenue legislation, being a part of the tariff structure, and for constitutional reasons it should originate in the House. Nevertheless, the Senate has on three occasions, by an increasing majority with each vote adopted the debenture proposal."

He discussed the bill H.R.7236, the Jones bill, carrying out the suggestions relative to the debenture. He said, "it provides for mandatory debentures on cotton, rice, wheat, tobacco, and corn, and optional debentures, at the suggestion of the Farm Board, on any other agricultural commodity upon which there is a tariff... Consequently we suggest that in section 2 of this bill, the debenture should be made optional, with the approval of the Farm Board, rather than mandatory."

He also suggested an amendment to section 10, the purpose of which is to check overproduction and said, "we suggest that whenever the production of any commodity goes above the 5-year average, then the debenture shall come down; in other words, automatically punishing agriculture for its overproduction." etc.

He had printed a statement entitled "The Debenture Plan and Countries to Which We Export," by Dr. Charles L. Stewart, Chief, Department Agricultural Economics, University of Illinois.

Mr. Taber made a statement expressing his "opinion as to the relation between agricultural inequality and the business depression".

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123... Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa 1932.

Letter addressed to Senator Norbeck by Mr. Jay H. Williams, Potter County Land & Abstract Co., Gettysburg, S.Dak., June 17, 1931, presenting a plan for restoring purchasing power prepared by Mr. Williams and Mr. John Schoof: p.211-214.

"To summarize briefly:

"Secretary of Agriculture empowered to decree, when commodity index shows that a crop is below the fair price level, that an export bounty be paid on such crop in an amount equal to one-half tariff rate, with such bounty decreasing in proportion as market raises above that fair price level.

"The Secretary, once each year, decrees how much of each crop can be disposed of tax free by a producer in the following year, and how much tax to be levied on the excess. This tax shall be estimated at an amount sufficient to meet all bounty payments and administrative costs.

"Tax is payable each year at same time and to same agency as income tax. Every producer of farm products must make yearly return showing what he has raised and what has been done with it, thus furnishing authentic data for next year's decree.

"The result should be:

- "1. No cost to Government.
- "2. No interference with private business.
- "3. An immediate return to the farmer of one-half the additional price which he should have in order to enable him to pay the equivalent of tariff rates plus on the things he must buy.
- "4. A consequent return to the manufacturers of the normal farm market for their products which they have lost through agricultural depression.
- "5. Increased diversification of crops to avoid taxation.
- "6. Decreased overproduction of crops to avoid taxation.
- "7. Orderly production and marketing of crops to avoid taxation.
- "8. A net profit, above the tax, even to those who overproduce; and no tax at all on those who do not overproduce - a penalty, in other words, on those directly responsible for the over-production which now penalizes the entire industry.
- "9. Better business methods for the farmer, who must, under this plan, consider himself as merely one unit in the whole American agricultural program, instead of a comparatively uninformed free lance, as he is at present in this highly organized era.
- "10. The removal of the largest single cause of the present business depression."

FEDERAL FARM BOARD

Bill, Resolution

Norris

S.Res.42. [Authorizing and directing the Committee on Agriculture and Forestry to make a thorough and complete investigation of the activities and operations of the Federal Farm Board.]

Introduced Dec. 10, 1931. Referred to Committee on Agriculture. Reported with amendments Jan. 13, 1932. S.Rept.84 submitted.

Reported with an additional amendment Mar. 17, 1932.

Agreed to as amended. April 11, 1932.

Response printed as S.Rept.1456, 74th Cong.

To quote from S.Rept.1456: "It can now be seen that the stabilization activities were foredoomed to failure; but the Farm Board made its loans for price-pegging without the benefit of the certainties which experience since has taught. The Board set up its stabilization program in response to urgent public demand; and acted, when it did proceed, on assurance from respected advisers that there was no alternative to price-pegging and no strong likelihood of its failure.

"Inability to halt the decline of commodity prices led to severe losses. The cooperatives and the stabilization corporation accumulated stocks of wheat and cotton for which no market appeared...

"Failure to halt the decline of commodity prices was responsible for losses incurred in settlement of some of the loans made by the board to the cooperatives."

Byrnes

S.653. To abolish the Federal Farm Board to provide for the discontinuance of surplus control operations under the agricultural marketing act, and for other purposes.

Introduced Dec. 9, 1931. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 281 Un31Fa

H.R.4665 introduced by Mr. Vinson of Ga., and H.R.4591 by Mr. Karch, Dec. 8, 1931, both provide for abolishing the Federal Farm Board. H.R.6990, introduced by Mr. Norton of Nebr., Jan. 5, 1932 and H.R. 13856, introduced by Mr. Purnell, Dec. 21, 1932 both repeal section 9 of the agricultural marketing act, relating to stabilization activities. See also Price Fixing.

Hearings

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123, S.653... April 26,27,28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa

Statement of James C. Stone, Chairman Federal Farm Board, Washington, D.C., April 27 & 28, 1932: pp.62-91.

Mr. Stone said... "Continuation of the work begun under the agricultural marketing act is vital to secure to the farmer his fair share, of the consumer's dollar, and is necessary to maintain and protect his interests when prices start rising again as well as to defend them when prices are declining.

"In conclusion, the very low incomes of farmers are due to four fundamental conditions..."

SENATOR BROOKHART. "So it simmers down to the fact that the farmer's prices are fixed by the sale of his surplus in the free-trade markets of the world. Now, since that is true is it right that his domestic price of the other 90 per cent, about, on an average - cotton and everything - should be fixed the same as that world free-trade price?"

MR. STONE. "Well, that is a question, Senator, that has been very widely discussed for a long time, not only by Congress, but everyone interested in agriculture."

SENATOR BROOKHART. "We have reached the conclusion that that is not a sound system for farmers. That it ruins agriculture. Now, is it not true that any amount of cooperative organization in the United States will not remedy that unless there is a financial system to handle that exportable surplus and separate it and segregate it from the domestic market?"

MR. STONE. "That has been attempted in this agricultural marketing act by the stabilization features of it."

SENATOR BROOKHART. "Well, but it has largely. How much is wheat above the world market now?"

SENATOR BROOKHART. "Mr. Stone, if we would give you money enough and direct you to determine the average cost of production of these farm products and put in the element of depreciation and wage to the farmers so you could have a rule by which to figure, and then direct you to bid for these agricultural products you could immediately raise the price up to that cost of production level, could you not?"

MR. STONE. "Undoubtedly; if you would furnish the funds and give us the directions to do certain things, why we would carry those instructions out. And as long as that policy was continued and your money lasted you could make the price of agricultural commodities or any other commodities which you deal in at any price you see fit."

SENATOR BROOKHART. "And the part in the domestic market we could absolutely control all the time?"

MR. STONE. "Under that policy you could. But in my opinion it would cost you a lot of money."

SENATOR BROOKHART. "Well, have you estimated what it would cost us to dispose of the surplus in the world market not by holding it as a menace over the world market, but by holding it for the best demand in the world?"

MR. STONE. "No, I have not, because that would depend entirely on the amount you hold and the conditions at the time that you tried to sell it, and it would be an impossible calculation."

MR. STONE. "I am not talking about that. I am just making a general statement, Senator. I do think that what we have done under the stabilization act has been helpful. It is impossible, or was impossible for any board to take five hundred millions dollars and try to hold the price level of all agricultural commodities up to a profitable basis."

Statement by Chairman Stone in response to Senator Norbeck's question as to Mr. Stone's explanation of the causes of the present depression, April 28, 1932. pp.218-219.

Mr. Stone concluded, "From 1922 to 1929 industry in the United States prospered although our agriculture suffered. As I have shown you, however, that prosperity was built on false and flimsy foundations. When we come out of this depression agriculture and industry must come out more nearly together. Not until farmers and city people prosper together will we attain sound and lasting prosperity."

FREIGHT RATES

Bills

Fulmer

H.R.112. To regulate interstate shipments of cotton, and for other purposes.

Introduced Dec. 8, 1931. Referred to Committee on Interstate and Foreign Commerce.

"That the Interstate Commerce Commission shall establish and enforce preferential rates on shipments of cotton based upon the cubic contents of the bale."

Howard

H.R.14794. To aid in the disposition of undesirable surpluses of farm products, and for other purposes.

Introduced Mar. 3, 1933. Referred to Committee on Interstate and Foreign Commerce.

Farm Products Freight Relief Act.

Provides for transport or export of farm products at a rate equal to 50 per centum or less of rate established under Interstate Commerce Act by common carriers, and a refund to such carriers in an amount equal to 25 per centum. Farm products are here defined as "corn, wheat, wheat flour, dressed hogs, lard, cotton and cotton products."

LAND LEASING

Bills

Carey

S.5680. For the leasing of agricultural lands by the Secretary of Agriculture for the purpose of reducing over-production of certain agricultural commodities..

Introduced Feb. 22, 1933. Referred to Committee on Agriculture and Forestry.

Authorizes and directs the Secretary of Agriculture to acquire by lease or contract not to exceed 50,000,000 acres of land in the U.S. which were during the crop season of 1932 planted to cotton, wheat, corn, or other cereals, or which were fallowed during the summer and fall of 1932 for planting to such crops in 1933.

"The general purpose of this Act shall be the balancing of agricultural producing to the market demands by withdrawing the lands leased hereunder from the production of the above commodities." The bill declares "(a) that the depression in prices for agricultural commodities and the disparity between the prices of agricultural and other commodities have created conditions which affect sales of agricultural products with a national interest, which burden and obstruct the normal flow of commerce and render the enactment of the Act for the relief of a national economic emergency imperative." etc.

Levies a sales tax of 2 per centum on articles manufactured from cotton or cereals sold in the U.S.

Brand of Ohio

H.R.14761. To authorize the Secretary of Agriculture to purchase 40,000,000 acres of cultivated agricultural lands for the purpose of reducing production of cotton, wheat, corn and other products of the soil.

Introduced Feb. 23, 1933. Referred to the Committee on Agriculture.

Authorizing and directing the Secretary of Agriculture to buy 40,000,000 acres of agricultural lands under cultivation during crop year 1932-1933, at not to exceed \$25 per acre, "in such parts of the U.S. as the Secretary deems will best reduce the production of cotton, wheat, corn, and other products of the soil now raised in such quantities as to create surpluses thereof above demands."

Garber

H.R.14798. To aid agriculture through the leasing and temporary withdrawal from production of lands planted to certain crops of which surpluses are produced, and for other purposes.

Introduced Mar. 3, 1933. Referred to Committee on Ways and Means. Agricultural Land Leasing Act.

Provides for acquisition, by lease, by Secretary of Agriculture, for one year, of 50,000,000 acres of land in U.S. planted to cotton, wheat, and corn for 1933 production. Provides for the imposition of a 2 per centum sales tax and 2 per centum ad valorem on articles manufactured from cotton, wheat or corn.

President's Message

H.Doc.560. Promotion of economic recovery.

Message from the President of the United States, transmitting a message in regard to certain measures looking to the promotion of economic recovery which have been under consideration by the Congress and are so advanced toward completion or understanding as to seem possible of enactment during the present session. Feb. 20, 1933.

President Hoover said in this message to Congress, "It seems clear that the domestic allotment plan is wholly unworkable. It will do far greater harm than good to agriculture.

"Pending the return of the great commercial countries to the gold standard and the consequent increase in world consumption and thus rise in world prices, it is essential temporarily to reduce farm production so as to remove the backbreaking surpluses of agricultural products and thus to raise agricultural income. The plan proposed by the Secretary of Agriculture some time since for temporary leasing of marginal lands is the least harmful and the most hopeful of all the plans which have been proposed. It has the merit of direct action in reducing supply to demand and thus unquestionably increasing prices; it would affect all farm products; give equal benefits to all farmers; is free of increased bureaucracy; very much less costly; and could be covered by a manufacturers' excise tax of probably 1 per cent to 2 per cent upon these commodities. It would also largely eliminate the tax and interest problems which the Congress is seeking to solve at much greater cost."

MISCELLANEOUS

Bills, Resolution

Howell

S.Res.210. That the Senate request the Committee on Agriculture and Forestry immediately to report a measure or measures having for its or their purpose the constructive rehabilitation of agriculture.
Submitted May 9, 1932. Ordered to lie over under the rule.
Indefinitely postponed June 1, 1932.

Sumners of Tex.

H.R.8896. Authorizing compacts among States for agricultural and conservation purposes.

Introduced Feb. 5, 1932. Referred to Committee on Agriculture.

Authorizes two or more States to enter into agreements and compacts "concerning the exercise of their governmental powers with

reference to production, processing, and sale of agricultural products, development, and preservation of their natural resources, including soil fertility, and to create such agencies, joint or otherwise, as may be deemed necessary to make effective such agreements and compacts."

Mr. Summers directed attention to the bill in his statement in U.S. Congress. House. Committee on agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session May 11, 1932. Serial E, Part 3. 28pp. 280.3 Un33F

Black

H.R.12870. To establish the Federal Alcoholic Liquor Board in the Department of Agriculture to aid in putting the agricultural industry on a sound commercial basis by providing incentives to crop diversification and a market for surplus farm products.

Introduced June 30, 1932. Referred to Committee on Agriculture.

Provides for issuance of licenses, by a Federal Alcoholic Liquor Board in the Department of Agriculture, to farm organizations and cooperative marketing associations for the processing and selling of beer and wine containing alcohol for beverage purposes, providing such are not intoxicating in fact, etc. The revenue derived from licenses under this Act shall be devoted to agricultural relief generally in a manner directed by the Secretary of Agriculture, providing such money shall not be used to withdraw a supply of any agricultural commodity from the market, or to make loans or advances to any farm organization or cooperative marketing association, or to any person or persons for purpose of storing or carrying over or in withdrawing from the market in any way whatsoever any supply of agricultural commodities.

The bill declares that there is "an emergency in the agricultural industry of the country. This is due to a surplus of certain agricultural commodities and also to a lack of a market for certain agricultural commodities. This lack of market is due to the National Prohibition Act," etc.

Hearings

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123... April 26, 27, 28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219pp. 281 Un31Fa 1932

Statement of Charles A. Ewing, Decatur, Ill., President of the National Livestock Marketing Association, Chicago: pp.91-97.

MR. EWING. ... "And a 10 or 15 per cent of surplus that depresses the price and destroys the buying power of agriculture can not help but have a disastrous effect on other industry, when agriculture is other industries' best customer. There is a potential buying power in agriculture to-day if it were reasonably prosperous that would exceed all the foreign outlet industry has ever found under 140 years of protection for its product. And if agriculture could be restored

to a reasonable prosperity it would do more for industry in general than any single factor that can be arrived at."

Statement of Robert G. Elbert, Manhasset, Long Island, N.Y. April 28, 1932: pp.115-131.

"Personally, I feel that the situation is such that we have got to help the farmer get on his feet, so that we can increase the buying power."

SENATOR BROOKHART. "You are right on that, and this came about when they knocked the farmers' prices down so that they could not buy normally, and that has put millions of workers out of work in the factories, because it broke down the buying power of the farmer."

MR. ELBERT. "It broke down everybody's buying power."

SENATOR BROOKHART. "In 1923, as the Manufacturers' Record said, \$13,000,000,000 was the deflation in the price of farms and farm products, and other things deflated at that time, but the farms six times as much as other things, by this same institution. You want to cure that situation. The farmers' prices went down and the buying power went down, and it has never come back."

MR. ELBERT. "No; but if we could distribute this thing and get the farmers' goods to the people - for instance, we have a number of people in the world who are starving to death, and we have this surplus, and it is said that the farmer is producing too much. I would not say that."

SENATOR BROOKHART. "You are absolutely right, and if we could get the farm surplus to the people, that would restore prices. But that can not be done by loaning more money to the farmers. That has to be done by some central power, and Uncle Sam is the only one that can do that."

Statement of M. W. Thatcher, St. Paul, Minn., Representing Farmers National Grain Corporation: pp.189-211.

Mr. Thatcher said "As I say, I do not see all those things that a Congress can do to straighten out the whole scheme of things, that will give to the farmer the financial set-up that he needs to start on a long-time program of working out of his debts, and a market price for his products that will pay the cost of production and let him work out. That does not end with me. Something more has to be done to make it possible to get the largest amount of consumption in our natural consumer market."

SENATOR NORRIS. "Is it not fair to assume, Mr. Thatcher, that this larger consumption will take place immediately if the country goes on a basis of prosperity, and haven't we the right to assume that if we make the farmer prosperous, that will occur? To put it in another way, this overproduction slogan, I think, is very much exaggerated because, standing alone, it does not take into consideration that what we have in this country is underconsumption on the part of most of our people..."

"You think, then, that if at the beginning, before this depression took in everybody, when the farmer alone was in the depressed condition, and we could not convince anybody except the farmer of it, and hence could not get any relief - if we had brought about relief then - we would not have the condition that now exists?"

MR. THATCHER. "We would not have this condition. It would have been relieved..."

PRICE-FIXING

Bills, Resolutions

Gore

S.3697. To regulate the sale of cotton owned or financed and controlled by the Federal Farm Board, and for other purposes.

Introduced Feb. 17, 1932. Referred to Committee on Agriculture and Forestry.

Making it unlawful for the Federal Farm Board or the Cotton Stabilization Corporation or any representative or successor thereof "to sell any cotton either spot or futures contracts owned or financed and controlled by such corporation or board prior to January 1, 1933, for less than 12 cents per pound basis middling at New Orleans or other United States ports," etc.

Sabath

H.Res.223. To appoint a committee to ascertain or recommend the price of commodities.

Introduced May 14, 1932. Referred to Committee on Rules.

"That the Speaker of the House of Representatives is hereby authorized to appoint a committee of nine members, two members of which shall be outstanding and uncontrolled economists, two industrialists, two agriculturalists, two representing organized labor, and one representing the so-called consumer or middle class, and they shall without delay investigate the feasibility and practicability of fixing the prices of outstanding commodities and report to the House what in their judgment would constitute a fair price to the consumer, as well as the producer, on the leading commodities."

Howard

H.J.Res.324. Relating to wheat held by the Wheat Stabilization Corporation.

Introduced Mar. 9, 1932. Referred to the Committee on Agriculture.

"That the Federal Farm Board is hereby directed not to sell, nor permit to be sold, in the domestic market at any time prior to December 1, 1933, any of the wheat owned or controlled by the Wheat Stabilization Corporation for less than \$1.20 per bushel, basis Chicago: Provided, That nothing in this resolution shall prevent the sales of such wheat in any foreign country or to any foreign government on any terms or at such prices as such board may deem proper."

Campbell of Ia.

H.J.Res.593. Proposing an amendment to the Constitution of the United States, authorizing Congress to fix the prices of unmanufactured food products.

Introduced Feb. 8, 1933. Referred to Committee on the Judiciary.

"Such price shall not be less than the cost of production of such products."

Crisp

H.R.253. To abolish the Federal Farm Board, and for other purposes.

Introduced Dec. 8, 1931. Referred to Committee on Agriculture.

"The Secretary of Commerce is authorized and directed to take such

action as may be necessary to prevent the disposition, during the period of three years immediately following the date this Act takes effect, of wheat or cotton owned by the Grain Stabilization Corporation or the Cotton Stabilization Corporation at a price less than 80 cents a bushel in the case of wheat or 12 cents a pound in the case of cotton. If such wheat or cotton is exchanged for any other commodity or commodities during such period, it shall, in any such exchange, be valued at not less than the price above specified."

Glover

H.R.5311. To amend the agricultural act, approved June 15, 1929.

Introduced Dec. 10, 1931. Referred to Committee on Agriculture.

Mr. Glover explained his bill H.R.5311 (In U.S. Congress. House. Committee on agriculture. Swank agricultural bill. Hearing... Seventy-second Congress, first session... Serial C.... 280.3 Un33Sw pp.17-18)

He said, "I have set up in my bill first that an investigation should be made through this Agricultural Department or the marketing act to arrive at the cost of production of cotton, for the purpose of fixing the loan price on it. I have sought to fix the loan price, as set out in the bill, the price below which it could not go, of 10 cents per pound... I set up a provision for making loans under the agricultural marketing act whenever it seems necessary to keep cotton off the market, when it is necessary to keep it at a point, we will say, of 10 cents a pound..."

"Mr. Kennedy. The thought is very splendid if there is some provision which also would prevent unlimited production..."

"Mr. Glover. We are not fixing the price, but the time is coming when the Government is going to have to fix the price in order to guarantee the cost of production, unless we are going to see the agricultural industry in this country go on the rocks. But, I am approaching that in just a little different angle and fixing the loan price to the producer of cotton, grain, or other commodities."

Hope

H.R.5613. Relating to the sale and disposition of wheat held by the Wheat Stabilization Corporation.

Introduced Dec. 14, 1931. Referred to Committee on Agriculture.

"That no wheat owned or controlled by the Wheat Stabilization Corporation shall be sold prior to December 1, 1933, for less than \$1.25 per bushel Chicago basis: Providing, That this limitation shall not apply to sales to foreign governments or their agencies or to sales and/or donations which may be made in the United States or abroad for relief purposes."

Andresen

H.R.10793. To establish and promote the effective merchandising of certain basic agriculture commodities in interstate and foreign commerce by the fixing of a minimum marketing price for such commodities.

Introduced Mar. 24, 1932. Referred to Committee on Agriculture.

Establishes minimum prices on following basic agricultural commodities: wheat, cotton, corn, rye, barley, hogs and cattle and

butter, and if due to establishment of minimum prices the importation of these commodities, or the processed articles or by-products thereof, or in dairy products of every character, increases, the President shall increase the tariff duty upon such commodities.

The bill declares "(a) that a national emergency exists in the United States; (b) that the enactment of laws to establish confidence and prosperity during the present economic emergency will be without permanent results unless the basic industry of agriculture is given equal consideration with other industries; (c) that the purchasing power of 44 per centum of the total population of the United States depends upon agriculture; (d) that as a matter of national emergency it becomes necessary to restore the purchasing power of those dependent on agriculture in order to restore confidence, relieve unemployment, and balance the Federal Budget;" etc.

Sparks

H.R.12648. To repeal the Agricultural Marketing Act of June 15, 1929.

Introduced June 15, 1932. Referred to Committee on Agriculture.

"In closing the affairs of the Federal Farm Board the Secretary of Agriculture is directed so to handle the wheat or cotton owned in whole or in part by the Federal Farm Board as not to depress prices, and wheat held and owned shall not be sold at less than 80 cents per bushel; or cotton so held and owned shall not be sold for less than 12 cents per pound."

H.R.12539 introduced by Mr. Sparks, June 9, 1932, has same title and carries same provision.

McClintic of Okla.

H.R.12677. Providing for a minimum marketing price for certain agriculture products.

Introduced June 16, 1932. Referred to Committee on Agriculture.

Establishes a minimum price on wheat, cotton and corn, and reads "That it is hereby declared that a national emergency exists in the United States with respect to the price that is being paid for farm products, and that the necessity exists for the putting into effect of regulatory power sufficient to lodge with the Secretary of Agriculture and the Federal Farm Board jurisdiction sufficient to cause certain commodities to be sold for less than the cost of production on that part of such yields as may be needed for home consumption."

Selvig

H.R. 13457. To stabilize the price of wheat in the United States.

Introduced Dec. 8, 1932. Referred to Committee on Agriculture.

Directing the Dept. of Agriculture to make an investigation of the (a) quantity of wheat in the country raised and to be raised during the current season (b) quantity necessary to supply country with food and seed for year beginning Oct. 1 following and (c) quantity of surplus and proportion of surplus to quantity necessary for food and seed.

It is the duty of every producer and every party having wheat in his possession to furnish Dept. of Agriculture a report showing (a) quantity of wheat raised or in his possession (b) number of acres of land, the description thereof and (c) number of acres cropped by

him to wheat during current year and quantity sold by him and name and address of purchaser.

In future sales buyer shall separate wheat purchased into two proportions fixed by the department, namely: (a) part to be used in U.S. for food and seed; and (b) the surplus.

Buyer shall pay only for part to be used in U.S. and shall issue a certificate to the seller of the quantity and character of the surplus, and transmit a duplicate of certificate issued to seller to Dept. of agriculture.

The department shall dispose of the surplus upon the foreign markets and pay the holder of the certificate a part or whole of moneys received less expense of handling. In case of emergency the department may sell portions of surplus in the U.S., but only for price to be established here. Before October 1 of each year the price of a specific grade of wheat for home consumption at selected commercial centers in this country shall be fixed under direction of the department and by a commission to be appointed by the President of the United States, etc.

PRICES

Resolutions

McKellar

S.Res.49. [Investigation of the Farm Board's dealings with the entire cotton situation by a Senate Committee]

Submitted Dec. 9, 1931. Ordered to lie on table.

One reason for investigation given was evidence before Senate Appropriations Committee "showing that prices of farm products have constantly declined since the institution of the Farm Board."

Sheppard

S.J.Res.63. Authorizing investigation of certain operations on cotton exchanges.

Introduced Dec. 21, 1931. Referred to Committee on Agriculture and Forestry.

Directing the Secretary of Agriculture "to investigate through the Grain Futures Administration the cause of the 1926 decline in cotton, ascertaining the amount of cotton futures sold in 1926, the amount of short selling when the drastic slump occurred, who did this short selling, and the effect of this heavy short selling on prices, and any further information which will enable the farmers to know the true state of conditions and the parties responsible for this decline;" etc.

Hope

H.Res.36. [Investigation of the Federal Farm Board]

Submitted December 8, 1931. Referred to Committee on Rules.

Includes inquiry "into efforts made by organizations or individuals engaged in or representing those engaged in the grain trade, the cotton trade, and in the buying and selling of other agricultural commodities, to discredit and hamper the Federal Farm Board in its efforts to... stabilize the prices of agricultural commodities".

Gilbert

H.Res.73. Providing for an investigation of the prices of wheat and bread.
Introduced Dec. 18, 1931. Referred to Committee on Rules.

Reason for investigation is stated as follows: "Within the last twelve years the price of wheat has ranged from 40 cents a bushel to \$2.40 a bushel, and during all this time the price of bread has remained the same and is sold at the same price by all sellers of bread (10 cents a loaf), and it seems that the surplus reducing the price only applies to the grower of wheat without reducing the price to the consumer of bread, and it appears that the makers of bread have the power to arbitrarily fix the price of bread and to suspend the natural economic law of supply and demand."

Gilbert

H.Res.74. Providing for an investigation of the prices of milk, cream, and dairy products.

Introduced Dec. 18, 1931. Referred to Committee on Rules.

Reason for investigation is that "the price of milk and cream has been reduced far below the cost of production to the dairy farmer with little or no corresponding reduction of the price to the consumer, with the result that the price of milk as distributed in the city equals per quart the price paid per gallon to the dairy farmer a few miles from the city;" etc.

Gilbert

H.Res.75. Providing for an investigation of the prices of tobacco and tobacco products.

Introduced Dec. 18, 1931. Referred to Committee on Rules.

Reason for investigation as stated is: "in the summer of 1931 the manufacturers of tobacco raised the price of their products, especially cigarettes, when these products had been made from one of the cheapest crops of tobacco purchased from the growers, and at a time when one of the largest and best crops in many years was to be marketed, and said manufacturers are now purchasing this crop at ruinous prices to the growers, and it appears that said companies have the power to lower the price to the grower and raise it to the consumer at the same time and have the power to nullify all natural economic law and to fix the price of tobacco and tobacco products;" etc.

PRODUCTION, CONTROL

Bill, Resolution

Smith

S.5122. To provide for the purchase and sale of cotton under the supervision of the Secretary of Agriculture.

Introduced Dec. 8, 1932. Referred to Committee on Agriculture and Forestry.

Reported with an amendment in nature of substitute Feb. 11, 1933.

S.Rept.1208 submitted.

Passed Senate. Feb. 18, 1933.

Reported with amendment. Feb. 22, 1933.

H.Report submitted 2094.

Passed House. Feb. 28, 1933.

Senate concurred in House amendment. Mar. 1, 1933.

Pocket veto.

Creates a Cotton Board of 6 members in the Department of Agriculture, and the Secretary of Agriculture, the Farm Board, and all other departments and agencies of the Government are directed to sell all cotton owned by them to said board under certain conditions, etc. The Secretary of Agriculture, under such rules and regulations as he may prescribe, is authorized and directed to enter into contracts with producers of cotton to sell to every such producer an amount of cotton in the hands of the board equivalent in amount to the amount of reduction in production of cotton by such producer below the amount produced by him in the preceding crop year, etc. To every such producer the Secretary of Agriculture shall deliver an option contract agreeing to sell to said producer an amount of cotton equivalent to the amount of his estimated reduction of the cotton in the possession and control of the board, etc.

Smith

S.J.Res.163. To provide for the purchase and merchandising of wheat and cotton by the Secretary of Agriculture.

Introduced May 23, 1932. Referred to the Committee on Agriculture and Forestry.

The Reconstruction Finance Corporation is authorized to make \$250,000,000 available to the Secretary of Agriculture, half to be used for the purchase of cotton and half for the purchase of wheat, through such agencies as he may designate under rules and regulations prescribed by him. "The wheat so purchased may be withheld for such times, or may be sold or otherwise disposed of in such amounts and at such times, as in the opinion of the Secretary of Agriculture will best promote the public interest." "The cotton so purchased shall be resold on credit to producers of cotton at a price not to exceed the market price at the time of such purchase, but only if such purchasers enter into agreements with the Secretary of Agriculture to produce not to exceed 50 per centum of the amount of cotton produced by them during the crop year 1931... In the event that any such cotton resold on credit to any such producer is subsequently sold at a price in excess of the price paid therefor by the Secretary of Agriculture, the Secretary of Agriculture shall pay to such producer, or shall apply toward any loans made to such producer by the Secretary of Agriculture, the difference between the amount received on such subsequent sale and the amount of such original purchase price less deductions for insurance and storage charges and interest at not to exceed 4 per centum per annum on such original purchase price;" etc.

RESEARCH, REGIONAL

Bills

Christgau

H.R.12960. To provide immediate gathering and dissemination of such economic data and information as will enable farmers to make such

regional or national readjustments in acreage and in production as shall aid in bringing about the reconstruction of agriculture and the balancing of production and demand in the United States.

Introduced July 13, 1932. Referred to Committee on Agriculture.

Creates an Emergency Board of Agricultural Reconstruction and Readjustment and regional research councils.

"It shall be the duty of the Emergency Board of Adjustment to secure, through the regional research councils authorized under section 1, or otherwise, such data and information as shall enable the farmers to make regional and national readjustment to present economic conditions and to make report of the facts ascertained and their recommendations on or before February 28, 1933."

Christgau

H.R.12996. To aid farmers in making regional readjustments in agricultural production and to assist in preventing undesirable surpluses.

Introduced July 16, 1932. Referred to Committee on Agriculture.

Authorizes establishment of a National Planning Council and regional research and planning councils.

Section 1 states: That it is hereby declared to be the policy of Congress -

(1) To aid farmers in the readjustment of agricultural production to changed economic conditions and changing techniques of production;

(2) To assist farmers in the development of orderly agricultural-production programs, thus aiding farmers to prevent unprofitable agricultural surpluses, thereby stabilizing farm incomes; etc.

SURPLUS DISPOSAL

Bills, Resolutions

Gore

S.4167. To regulate the sale of cotton owned or financed and controlled by the Federal Farm Board, and for other purposes.

Introduced Mar. 21, 1932. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 280.2 Un33R

Mr. J. M. Locke, Muskogee, Okla., in the hearings on the bill (see below) said, "The bill... removes two of the features in the agricultural marketing act adversely affecting the producer, namely, stabilization and the granting of unsound, financial loans to cotton cooperatives. It also makes it mandatory for the Farm Board to dispose of its stock in a regular manner throughout a period of years and in a way by which this stock can be assimilated in the markets of the world with the least disturbance to market values."

Bill carries provision requiring Federal Farm Board or its successor to report to Congress at the beginning of each regular session in detail "amount of cotton on hand and all purchases and sales of spot cotton and futures contracts made and all other acts and things done in pursuance of this act."

Gore

S.4168. To regulate the sale of wheat owned or financed and controlled by the Federal Farm Board, and for other purposes.

Introduced Mar. 21, 1932. Referred to Committee on Agriculture and Forestry. Hearings held by Senate Committee. 280.2 Un33R

S.3903 having same title and introduced by Mr. Gore on March 2, 1932 was withdrawn and reintroduced in a different form as S.4168.

Mr. Joy M. Hackler, Omaha, Nebr. in the hearings on the bill said, "The bill, as it is proposed to be amended, provides for exporting the surplus wheat now held by the Stabilization Corporation, and will, I think, have more to do with advancing the price of wheat than any other action that could be taken. In other words, it would mean the getting of the surplus wheat out of the country at some price." See below for hearings.

Bill carries provision requiring the Federal Farm Board or its successor to report to Congress at the beginning of each regular session in detail "amount of wheat on hand and all purchases and sales of cash wheat and futures contracts made and all other acts and things done in pursuance of this act."

See also Price-Fixing for bills in which prices are specified in disposition of wheat and cotton by Farm Board.

Howell

S.4524. To regulate the sale of wheat owned or controlled through the Grain Stabilization Corporation by the Federal Farm Board, and for other purposes.

Introduced Apr. 28, 1932. Referred to Committee on Agriculture and Forestry.

Similar to S.4168.

Baldridge

H.R.11266. To regulate the sale of wheat owned or controlled through the Grain Stabilization Corporation by the Federal Farm Board, and for other purposes.

Introduced Apr. 11, 1932. Referred to Committee on Agriculture. Same as S.4524.

McNary

S.J.Res.145. Providing for financing sales of wheat and cotton in foreign markets.

Introduced Apr. 14, 1932. Referred to Committee on Agriculture and Forestry.

Authorizing and directing the Reconstruction Finance Corporation to advance an additional "sum of \$100,000,000, or so much thereof as may be necessary, for purpose of financing sales of wheat and cotton in the markets of foreign countries in which such sales cannot be financed in the normal course of commerce with exporting nations, but no such sales shall be financed by the Secretary of Agriculture, if, in his judgment, such sales will affect adversely the world markets for wheat and cotton."

Purnell

H.J.Res.363. Providing for financing sales of wheat and cotton in foreign markets.

Introduced Apr. 15, 1932. Referred to Committee on Banking and Currency.

Same as S.J.Res.145. H.J.Res.394, introduced by Mr. Strong of Kans., May 19, 1932 and having same title is similar to these joint resolutions.

Vinson of Ga.

H.J.Res.400. Limiting the disposition of cotton held by the Cotton Stabilization Corporation.

Introduced May 20, 1932. Referred to Committee on Agriculture.

Authorizes Federal Farm Board to take action to prevent disposition of cotton owned by Cotton Stabilization Corporation until season's supply falls below average for preceding 10 years.

Hearings

U.S. Congress. Senate. Committee on Agriculture and Forestry. To regulate the sale of cotton and wheat by the Federal Farm Board. Hearings... Seventy-second Congress, first session on S.4167... and S.4168... April 5, 6, 7, and 8, 1932. Washington, U.S. Govt. print. off., 1932. 286 pp. 280.2 Un33R

TARIFF

Bills

Sheppard

S.4703. To authorize the free importation into the United States of goods bartered for farm products.

Introduced May 19, 1932. Referred to Committee on Finance.

"That imported goods taken in exchange by way of barter for farm products produced in the United States of which a surplus over domestic consumption exists shall be admitted free of duty until such time as the farm price index of the United States Department of Agriculture shall show an index figure for prices of such products equivalent to the index figures of the Department of Agriculture for manufactured products."

McNary

S.5358. To make the tariff effective on agricultural commodities domestically consumed.

Introduced Jan. 9, 1933. Referred to Committee on Agriculture and Forestry.

Authorizes and directs the Secretary of Agriculture to determine and publish, before each harvest of each agricultural commodity produced in the United States, the percentage of the year's crop of such commodity in the United States which will be needed for domestic consumption, such percentage to be known as the domestic percentage. It shall be unlawful for purchasers to pay less than the domestic price of any agricultural commodity at the nearest terminal market, less cost of transportation from place of sale to such market. Remainder, or products of the processing thereof, shall be exported under regulations prescribed by the Secretary of Agriculture. Domestic price shall equal world price plus import duty then in force, less cost of

transportation from terminal market to world market; "except that whenever the Secretary of Agriculture finds that domestic producers of any commodity are at a disadvantage in competition with foreign producers, by reason of lower transportation costs in foreign countries, he shall make such finding public and fix an amount, in lieu of the import duty, to be added to the world price, sufficient in his judgment to remove such disadvantage".

THREE-WAY BILL

Bills

McNary

S.4536. To amend the agricultural marketing act, approved June 15, 1929.

Introduced Apr. 29, 1932. Referred to Committee on Agriculture and Forestry.

Reported with amendments May 25, 1932. S.Rept.732 submitted.

Considered by Senate and recommitted June 11,13,14,15, 1932.

Hearing held by House Committee.

Same as H.R.12617 in essentials.

S.Rept.732 on the bill states: "The declaration of policy in the agricultural marketing act contains the fundamental idea that agriculture must be placed on a basis of economic equality with other industries, that speculation in agricultural commodities and their food products should be minimized,... and finally, the advantageous domestic markets should be preserved for farm crops by the prevention of depressing influences on the prices of the commodities incident to surpluses of such crops.

"The Committee on Agriculture and Forestry recommends that the base of the agricultural marketing act be expanded to include the amendment which contains three plans," etc.

McNary

S.5027. To amend the agricultural marketing act, approved June 15, 1929.

Introduced Dec. 6, 1932. Referred to Committee on Agriculture and Forestry.

Similar to S.4536.

Fulmer

H.R.11866. To amend the Federal Farm Board act, approved June 15, 1929.

Introduced May 4, 1932. Referred to Committee on Agriculture.

Similar to H.R.12617.

Norton

H.R.12617. To amend the Federal Farm Board act, approved June 15, 1929.

Introduced June 13, 1932. Referred to Committee on Agriculture.

Reported without amendment June 14, 1932. H.Rept.1625 submitted.

Hearings held before Rules Committee. (280.3 Un393)

This bill is similar to H.R.12733 except that it "amends the agricultural marketing act by offering three alternative plans to make

it possible for the Federal Farm Board to handle and control surpluses" etc. H.Rept.1625, the report on this bill, is practically identical to H.Rept.1688, the report on H.R.12733, as to language, except that Federal Farm Board is substituted for Secretary of Agriculture.

For similar bills See H.R.11866 (Fulmer) and S.4536 (McNary).

In the hearings before the Committee on Rules on the bill H.R. 12617, Mr. Lozier said, "you could do nothing that would add more to the ill repute in which certain favored interests of this Nation have plunged Congress; you could do nothing which would more justify an accentuation of that feeling than, after you have attempted to relieve the condition of these other vocational groups, to refuse even to give the House an opportunity to consider bills for the relief of this great basic industry on which more than 30,000,000 directly or indirectly depend for a livelihood." (280.3 Un393)

Norton

H.R.12733. To secure cost of production to producers of agricultural commodities, and for other purposes.

Introduced June 20, 1932. Referred to Committee on Agriculture.

Reported without amendment, June 21, 1932. H.Rept.1688 submitted.

Referred to as Agricultural Surplus Control Act. To quote from the report on the bill, H.Rept.1688: "The proposed legislation is a composite plan presented in the main by the three major farm organizations - the American Farm Bureau Federation, the National Grange, and the Farmers' Educational and Cooperative Union - whose legislative representatives have been consulted in the preparation of this report in order that their views as to the operation of the measure might be given consideration.

"This bill offers three alternative plans to make it possible for the Secretary of Agriculture to handle and control surpluses in ways which will not require the Government to guarantee payment of all costs, losses, and charges incident to such transactions. It is now clearly demonstrated, after approximately three years of experience in operating the provisions of the agricultural marketing act, that it is not as effective as is to be desired in the handling and control of surpluses... But the Nation needs a definite surplus control law which will not lie as a burden on the Federal Treasury.

"The Committee on agriculture recommends that the base of Federal laws relating to disposition of agricultural surpluses be expanded to include this bill, which contains three plans, either one or all of which may be used by the Secretary of Agriculture as different conditions exist at different times. These plans are the equalization fee, the debenture, and the allotment.

"The Secretary of Agriculture has two mandates which he can not well avoid obeying under the terms of the proposed measure; first, upon request of leading farm organizations he must investigate the conditions surrounding any commodity to which his attention has been called; second, after the Secretary of Agriculture has found that conditions exist which require special marketing operations, he shall employ for the solution of those difficulties the provisions of the equalization fee, the debenture, or the allotment plan, or combination thereof...

"The three plans... are alike in that each of them, if put into operation, will -

"(a) Segregate any and all farm crops upon which operations are begun into the domestic and surplus portions...

"(c) Remove the question of constitutionality by lodging these powers in the commerce clause of the Constitution.

"(d) Control surpluses by penalizing overproduction.

"(e) Impose no arbitrary Government regulations on the individual farmer.

"(f) Accomplish the objective of stabilizing price levels, minimizing speculation, and making tariff rates effective on the domestic portion of farm crops by terms and regulations which relate to the commodities rather than to the individual producers...

"(h) Require no price fixing by the Government.

"(i) Require no handling, buying, or selling of farm commodities by the Government itself, but bring the entire strength of the Federal Government itself into regulatory influence, which will promote orderly marketing and stability of price level", etc.

"In Title I, the equalization fee plan, is found virtually the language which has been twice examined by Congress in its former approvals of this plan."

Under Title II, the debenture plan, it is provided that the debenture rates shall be one-half the tariff rate, except that in the case of corn, rice, wheat, cotton, and tobacco specific debenture rates are indicated.

Norton

H.R.13310. To amend the agricultural marketing act, approved June 15, 1929.

Introduced Dec. 6, 1932. Referred to Committee on Agriculture.
Same as S. 5027.

Hearings

U.S. Congress. House. Committee on Agriculture. Farm marketing program. Hearing... Seventy-second Congress, first session. February 16, 17, and 18, 1932. Serial E. Washington, U.S. Govt. print. off., 1932. 4 pts. 280.3 Un33F.

Part 2 includes testimony given on May 4, 1932 (pp.153-189) by the following:

Mr. Edward A. O'Neal, President American Farm Bureau Federation; Chester Gray, Washington Representative American Farm Bureau Federation; Earl Smith, President Illinois State Farm Bureau; Frederic Brenckman, Washington Representative the National Grange, Washington, D.C., and Charles E. Hearst, President Iowa Farm Bureau Federation, Vice President of the American Farm Bureau Federation.

Mr. Gray presented a composite bill on behalf of the three national farm organizations, and explained the bill.

Mr. Hearst said, "The entire national mind seems now to realize that the agricultural difficulties which have been accumulating during the recent 10-year period, and have now reached the highest point in

modern times, have permeated throughout the entire economic structure of our Nation so that from the lowest paid worker in the cities to the highest paid magnate, the agricultural situation is being reflected in lower wages, lower incomes, or lower dividends.

"Perhaps this period of depression will bring one benefit to our Nation; maybe the Nation will still realize that, industrialized as we are, still the Nation can not prosper with an agriculture in an unprofitable state."

Part 4 includes the following:

Statement of Dameron H. Williams, a member of the American Cotton Shippers' Association, Gastonia, N.C., May 11, 1932. pp.27-41.

Mr. Williams opposed the bill H.R.11866 and included a statement which he prepared on the subject dated May 25, 1935 and a letter addressed to Hon. Marvin Jones, Chairman, Committee on Agriculture, March 8, 1932, by J.W. Garrow, Chairman Economics Committee, American Cotton Shippers Association.

Mr. Williams in his statement said, "We have not previously mentioned the question of constitutionality with reference to these three proposals. The equalization fee plan as imparted in this bill is not in any of its major essentials different from that previously vetoed upon two occasions by President Coolidge and which the Attorney General of the United States has declared to be undoubtedly unconstitutional as constituting an illegal delegation of powers and an unconstitutional attempt to fix prices. If his opinion was so positive with reference to previous bills, it would be equally positive with regard to the present bill, which requires the Farm Board, on page 3 beginning at line 4, to arrange to secure cost of production for that portion of the crop sold in the domestic market. It would be equally positive with reference to the provisions of title 3 on page 18 providing that the domestic portion shall enter commerce at a price per unit not less than the cost of production of such commodity."

Mr. Garrow in his letter said that the enactment of the debenture means continued high tariff, and discussed the effect of the debenture on farmers' prices, upon the cotton merchant, and upon the public. He also discussed the equalization fee plan and said, "At the best the export debenture plan and the equalization-fee plan are intended only to relieve the farmer of a portion of the burdens of a high industrial protective policy, and neither can possibly benefit the farmer as much as the removal of oppressive duties on articles he uses."

Statement of Oscar Johnston to the Committee on Agriculture of the House of Representatives, June 2, 1932 giving an analysis and criticism of H.R.11866, and S.4536. pp.50-54.

He said "Concluding, permit me to repeat that in the name of millions of farmers for whom the lobbyists in Washington are not authorized to speak, to urgently protest against adoption of the proposed amendments which are unsound, impossible of performance, un-American, and utterly socialistic. Let me further urge that advantage be not taken of the present unfortunate, necessitous position of the farmer to coerce him into unwilling membership in a marketing association, in which he has no confidence and which, by past performance, has

not merited his confidence, or to force him into a condition little short of servitude by saying to him that he may own his land, till it, work and sweat and suffer to produce a commodity, then turn it over to be marketed in accordance with a theory in which he has no confidence, to be deprived of his independence and the right to deal with the commodity which he has produced in accordance with dictates of his own judgment."

U.S. Congress. Senate. Committee on Agriculture and Forestry. Farm relief. Hearings... Seventy-second Congress, first session on S.123, ... April 26, 27, 28, and 29, 1932. Washington, U.S. Govt. print. off., 1932. 219 pp. 281 Un31Fa 1932

Summary of Statement of Edward A. O'Neal, President of the American Farm Bureau Federation, before the Senate Committee on Agriculture and Forestry Thursday, April 28, 1932. pp.106-108.

"The American Farm Bureau Federation in appearing before your committee this morning is interested primarily in securing legislation in the remaining weeks of the present session of Congress which will have an effect on price of farm products. It is not intended unduly to criticize the legislation which has already been enacted this winter, some of which has an indirect relation to agriculture, but it can be stated definitely that deplorable as the condition of agriculture now is, economically speaking, this Congress has not yet buckled down to the task of enacting remedial farm legislation which will enable the farmers to enjoy a better price level and thereby put this great group of consumers back in the purchasing group.

"We are not surrendering our position taken several years ago that a most direct way of securing a better price for farm products, especially in the domestic market, is to segregate the surplus, whether seasonal or for the year, and so dispose of the surplus that our farmers behind the tariff wall can secure an American price for an American product. In disposing of this surplus we have formerly advocated, and do now maintain, that whatever costs, losses, and charges are incident to the operation should be borne by every unit of the commodity sold both in the domestic and in the foreign market. We still assert that the equalization fee principle should be written into the marketing act, that act being the foundation upon which we must build in striving toward an adequate price line for farm commodities.

"We have broadened our vision in this matter, however, since first beginning studying the question years ago and now recognize the usefulness of the debenture plan in certain conditions of surpluses which might arise. This plan is tied definitely into our tariff structure and is intended to make the tariff effective at least to about one-half the rates on our various farm commodities written into the tariff act. We have in the Farm Bureau, for years, asserted that the warehousing and licensing provisions of the Federal Government should be enlarged. Handlers of farm commodities, whether cooperative or otherwise, might well be licensed by the Federal Government with penalties imposed for non-performance of whatever license provisions are promulgated in keeping with warehousing and other acts.

"In continuing study of the surplus question we have come to believe that the securing of cost of production for that portion of

our crop sold in the domestic market is a convenient, if not a wholly accurate, yardstick to use in measuring whatever price a farmer is to get for the product he sells. In our tariff structure, particularly in the flexible provision, the cost of production yardstick is almost exclusively used in determining various rates and in the deliberations of the United States Tariff Commission. It is not inconsistent, therefore, that we use this same cost of production yardstick in the price equation for agricultural commodities. We believe in segregating the total quantity of any farm crop so that it can be sold, mostly at a high price in the domestic market and usually in lesser quantity at a lower price abroad. These latter provisions are characteristic of the so-called allotment plan and are integrated all through the actual operations of either the equalization fee or the debenture plan.

"Accordingly, speaking for the American Farm Bureau Federation and in closest relationship with the officers of the National Grange and the Farmers Union, we advocate the bill submitted by the three farm organizations to your committee, which contains the three plans as amendments to the agricultural marketing act, leaving, however, the Federal Farm Board the option of which plan to use or what combination of plans to employ under various emergencies and surplus conditions as may arise."

Statement of Chester H. Gray, Washington Representative of the American Farm Bureau Federation. April 29, 1932: pp.134-146.

..."In other words, the Congress, thinking that it was passing a surplus control act, passed a Farm Board act.

"Now in the farm organizations we come to you after three years of administration of the agricultural marketing act, which we, in the main, have supported, with the amendments to make it what it should be now and what it should have been from the beginning, a surplus-control piece of legislation. As I said a while ago, some would say that the farm organizations are at fault because they have not singled out one design, one plan, to be written into the law to make it a surplus-control piece of legislation.

"May I observe that the National Grange, for which I speak this morning only in so far as this bill is concerned, has fought for years for the debenture plan. It is a good plan, with its limitations. At the beginning I think the Grange advocated that the debenture plan would be all-sufficient as a surplus-control piece of legislation. I believe - and I am subject to correction by a more authoritative representative of the Grange than I am - that at the present time the Grange is willing to say that the debenture plan in every case will not be all-sufficient...

..."the bill would control the conditions relative to surplus, and no other plan was necessary. I am frank to say, subject to correction by my superior officer who is here this morning, that the American Farm Bureau Federation in the last two years has modified its position to say that other plans than the equalization plan have merits...

"And another feature that runs through each of the three plans is cost of production. Nobody alleges that cost of production is an accurate yardstick to base prices upon. But it is a convenient yardstick to use..."

THE CHAIRMAN. "And it is an amendment of the agricultural marketing act, following section 10, by the insertion of three plans. The first is the equalization-fee plan."

MR. GRAY. "Yes, sir."

THE CHAIRMAN. "Is that taken bodily from the bill as passed by the Congress on two occasions, and on two occasions vetoed by President Hoover and once by former President Coolidge?"

MR. GRAY. "It is, with the latter part stricken out. It is copied verbatim from the old McNary-Haugen bill which was last passed."

THE CHAIRMAN. "Is it optional or mandatory on the board?"

MR. GRAY. "There are two options under this plan which the Farm Board can exercise. They are these: The board can decide which one of the three plans it may use under any surplus emergency that might arise. That is the first option.

"The second option that the board has is in ascertaining whether it is going to get into the marketing of any crop. The Farm Board can base its action on any one of the four findings set out in the first part of the bill."

MR. GRAY. "The third finding, as you will see in the third paragraph, was not in the McNary-Haugen bill, that relating to the cost of production and the estimated or necessary portion to be used in the home market..."

"The second section of this bill is, with some changes in the definition, the Jones bill on the debenture of this session, introduced by Chairman Jones on the House side, with just enough modification to make it fit into a composite bill for introduction.

"And the allotment plan - and anticipating, perhaps, your next inquiry - has just enough modification of the Thomas-Swank bill, which was introduced early in this session, to make it fit into the composite idea."

MR. GRAY. "...The Federal Farm Board has the option, as it sees an emergency existing, as to which one of those three plans it will put into effect. Sometimes it will go to the debenture plan, sometimes to the equalization plan, and sometimes to the allotment plan, and it might use a combination of the three... the Federal Trade Commission has three or four lines of activity in order to control unfair trade. The Interstate Commerce Commission is not obliged to follow one line of activity, but has three or four lines of activity that it may choose from, as emergencies come before it."

MR. GRAY. "Now, it will be helpful to the committee, I believe, to show what the conditions are that the Farm Board shall investigate if asked by the advisory committee for any agricultural commodity, or by the farm organizations, or of its own volition.

"It is, first, to find out whether a yearly surplus or even a seasonal surplus exists of a crop being suggested. That is on the first page.

"Second, it is to ascertain whether the loaning provisions in the present agricultural marketing act, in section 5, are adequate to handle the situation.

"The third provision that it is to investigate is to ascertain what the cost of production of that crop for the current year is, and how much of the crop, by estimate, is going to be used in the whole market."

"The fourth condition is to ascertain by the Farm Board whether the crop is of such a nature that it will lend itself to storage, warehousing, withholding, and handling for the purpose of controlling the price of the surplus.

"If the Farm Board finds any one or all of those four conditions to exist, then it shall put into operation one or more of the three plans submitted: The equalization fee, the debenture, or the allotment plan."

MR. GRAY. "...the three farm organizations do not believe evidently that Government by mandate in controlling acreages and otherwise should or could control production. But there is only one thing that controls production, whether it be the production of boots and shoes or wheat, and that is price. If the farmer gets a lesser price and lesser profit, he will control production. And under the allotment plan, the debenture plan and the equalization-fee plan, by the penalties which are in those plans he will get a lesser price if he overproduces, and price will control production where governmental mandate undoubtedly will not control production."

Statement of Frederic Brenckman, Washington Representative The National Grange. April 29, 1932: pp.156-159.

Mr. Brenckman said "There has been some discussion here this morning before the committee about the number of farmers who are being forced off the land...

"The table shows that during those years there were 153,598 farms sold for delinquent taxes, that 529,252 farms were sold through mortgage foreclosure or bankruptcy, and the total farms-----

"Nothing could be more serious in its consequences to American society than to have the farmers forced off the farms, or to have them lose title to their farms.

"We hope that Congress may be able to pass some legislation that will help to bring up the commodity price level, to restore commodity prices. What we are after is not so much an inflation as a restoration of values."

Statement of Charles E. Hearst, Vice President American Farm Bureau Federation and President Iowa Farm Bureau Federation, April 29, 1932: pp.159-162.

Mr. Hearst said "The whole significance of this effort is to bring a better price to the farmer for his products, gentlemen, as you know. There is little use for me to dwell upon that situation long, but I do want to say to you men - it has been told you and you realize it, but not so well as those of us who are right out on the firing line - that agriculture is in a desperate situation. The word 'desperate' is not too strong. The plight of agriculture has reflected itself in the business of this Nation, and the Nation is in a desperate situation. That can not be denied.

"A few years ago it was difficult, almost impossible, to secure consideration from some of our industrial groups who are strong in their influence, to get them to admit that the success of agriculture was necessary to the success of this Nation. The last few months has shown those same people very ardently supporting the theory that there can be no continued prosperity in industry in this Nation until

we have a more prosperous agriculture and until agriculture regains its buying power."

Statement of W. E. Bowen, Oklahoma City, National Organizer
National Producers Alliance, April 29, 1932: pp.175-189.

Mr. Bowen said "The beauty of this bill that the three organizations have agreed on, is that the Farm Board is instructed to get the cost of production for the farmers, and to try any one plan, and to change it if it does not work, and try another one, or modify any plan, or take a combination of all three plans, to find a method that will work and give the farmer the cost of production.

"I am going to outline to you how, in my opinion, the allotment plan will make the farmers of this country prosperous. As Senator Norris said a moment ago, agriculture is the basic industry of the Nation, and when you make the farmer prosperous, everybody prospers."

